

# Service Integration

**A blueprint for regaining control of a complex IT vendor landscape**



**People matter, results count.**



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*Service Integration represents a first step towards re-empowering the CIO with the ability to support the business and add value as cloud service adoption accelerates.”*

## The challenge faced by today's CIO

This paper examines the current predicament being faced by many CIOs with numerous separately contracted and supplied services within their portfolio. It delivers an overview of the current IT service market landscape and proposes an approach to rectify the situation.

Over the course of the last 10-15 years IT outsourcing has evolved. This has been due to a number of factors:

- The role of IT within the business has progressed: it generally underpins any and all business process.
- Business has developed (increased globalization, heightened competition, requirement for increased efficiency).
- Technology has advanced to the point where it is no longer viable or necessary for internal IT departments to deal with everything (cost reasons – cheaper labor elsewhere; skills – difficulty in maintaining the availability of the right talent; business reasons – many tasks are not viewed as 'core' thus there is no compelling reason to do in-house; technology advances – remote monitoring or performance of tasks possible/advisable; improved efficiency – due to specialist intervention).

The result of this is that the typical IT landscape is vast and complex, and often brings increased risk and management overheads. As outsourcing has proved its worth, the market has become populated by different types of operator – specialist, pure players, generalists – and the operating models are changing - pay by hour, by transaction or by FTE.

Within any large business, it's possible that a mix of suppliers and business models is present. Organizations will naturally seek to procure best-in-class solutions for each of the IT domains and sub-domains. While this may result in perceived better service within those domains, it contributes to dilution of control and accountability for the whole IT landscape. This is exacerbated by the fact that, in the vast majority of cases, these vendors are brought in to deal with technology – not business – problems. Consider, also, the global nature of such organizations; this same process might be happening at many different locations around the world.

Many organizations now find themselves paying excessive amounts to many different outsourcing services providers who, in most cases, are working independently of each other, and with little view of the business goal to which they are contributing. These providers are all providing services according to different types of agreements, with:

- Little-to-no standardization outside their contract parameters;
- Very little view over how these providers are contributing to the success of the business;
- Silo approaches resulting in a low level of accountability as few suppliers are truly responsible for services/processes; creates confusion.



*Service Integration enables the streamlining of IT service governance and procurement practices, while simultaneously bringing tangible business benefits; benefits such as reduced operating costs, decreased risk, enhanced governance and compliance, and improved service quality”.*



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All of this is resulting in a highly complex and congested landscape. It is expensive to run and difficult to understand if true value to the business is being derived. This would be bad at the best of times. However, there are also other aspects that need to be taken into consideration.

The global economic climate is having a profound impact on businesses. Budgets (including IT) are being slashed or are stagnating, and decision makers are seeking to understand the direct value to the business of every investment prior to approval. As a result of relentless budgetary pressure, organizations are being forced to increase the efficiency of existing operations to free up funds for such new investments.

Technology advances and the consumerization of IT have resulted in dramatically increased demand for IT services; this is highlighted by the following examples:

- Enterprise cloud services are here and have the potential to be a game changer but potential and delivery are two different things. How do you integrate this new approach within your existing landscape and vendor landscape?
- Users are driving the business to become more technology aware. Many people expect to use their own smartphones and tablets to access their corporate mail and other services – and, indeed, many businesses derive financial and other benefits from the BYOD model once they have assessed and mitigated against potential licensing and security risks.
- Individual users and departments can easily start procuring their own cloud services, such as Google Apps, salesforce.com or Dropbox with no corporate visibility or governance.

The business might go to IT with requests for new tools and services, only to be told that the lead-time or cost is prohibitive or that the solution would not meet security or internal IT requirements. An unresponsive or cumbersome IT department will be perceived as obstructive and is likely to result in areas of the business bypassing IT; this leads to rogue procurement.

All of this is happening at once. This is placing huge pressure on IT to:

- Deliver and serve the business better and more directly;
- Find the cash to deliver these new services in a controlled and secure manner (rather than opening the floodgates to rogue procurement and uncontrolled BYOD);
- Cut costs or at least justify them (and to do so within the context of business objectives).

This creates the need for a solution that helps the IT function to meet these goals.



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## The need for Service Integration

There is a strong need for tackling, and ultimately, streamlining this complex network of individual vendor contracts and service provision. This is where Service Integration comes into play; the benefits to the business that can be attained through effective implementation of a Service Integration solution are considerable.

### What is Service Integration?

Capgemini defines Service Integration as the management of separately supplied IT services to ensure they consistently work together to deliver business benefits. The provider of Service Integration services is the interface between the client and its service suppliers and is accountable for their performance.

### How Service Integration can help today's CIO

Traditional IT outsourcing, that is, moving the operational responsibility for IT provision to specialist organizations, can drive significant cost savings. However, as businesses seek to gain maximum value from their IT services, the challenge of managing sophisticated IT supplier frameworks increases. Many organizations are now in second or third generation outsourcing arrangements and are finding that the scope for cost saving is reduced.

### Service Integration's role in managing this sprawling IT landscape

Today, the IT manager requires support on three fronts:

- Managing the legacy environment in the current IT landscape;
- Starting the journey of assimilating selected cloud solutions;
- Establishing a platform to provide unified and easy access to all services.

There is an exponentially rising need for IT to add value to the business, and with it an increasing requirement for a methodology aimed at alleviating this pressure.

Engaging with the enterprise to ensure that all of its IT service providers are aligned to business goals is key for the management of the complex ecosystem of legacy services. One method for doing so would be by integrating the discrete IT service elements that currently provide the IT service into a coherent set of end-to-end services bound by multi-lateral agreements. This ensures that the established IT function and business are in the optimum position to support and co-exist with emerging technologies like cloud and mobile. To do so, a service integrator is needed.

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## Why adopt Service Integration now?

Businesses are increasingly striving to be more agile and flexible, and they expect IT to facilitate this. The CIO is coming under increasing pressure to consider the procurement of cloud-based infrastructure, platform and application services; this is because traditional models are lacking in flexibility, require capital investment and so, as such, are tantamount to competitive disadvantage. Many outsourcing contracts are based on a per server/per IT requirement arrangement, but the focus should be on alignment to processes, not technology. More is expected of IT: the increasingly volatile economic climate, coupled with the proliferation of technology platforms, means there are profound IT ramifications. Tower integration is vital to ensuring value and IT alignment to processes and business; a need for a new vendor governance model is emerging.



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### IT outsourcing

Outsourcing has evolved into a multi-sourcing landscape relatively unchecked. A governance layer is required to own the implementation of process and procedure that bind the separately provided services into a coherent manageable whole if the full benefits of an IT landscape that includes many suppliers are to be realized. Furthermore, forward-thinking CIOs recognize that the cloud will enable the procurement of IT services on an aggregated and, eventually, orchestrated basis and that will absolutely require an integration tier. Finally, business alignment can only be achieved when IT services, however sourced, are managed in an end-to-end manner.

### When should Service Integration be adopted?

In the current economic climate, and with the increasingly consumerized IT landscape, it could be argued that any company, big or small, cannot afford to ignore the benefits attainable through adoption of a Service Integration strategy. CIOs can use milestones such as contract renewals and M&As as opportunities to introduce the SI tier. CIOs need to think about making different decisions to those they made previously – the key here being the desire to derive greater business benefit from their investment in IT.

A service integrator can help an enterprise looking to source more reasonably priced services from a specialist, while also looking to introduce new people to help augment, for example, mobile apps into its portfolio.

Before a final decision can be made to adopt a Service Integration strategy, the three tiers that comprise it need to be examined to garner an understanding of the end-to-end process that will take place, and what this process consists of.

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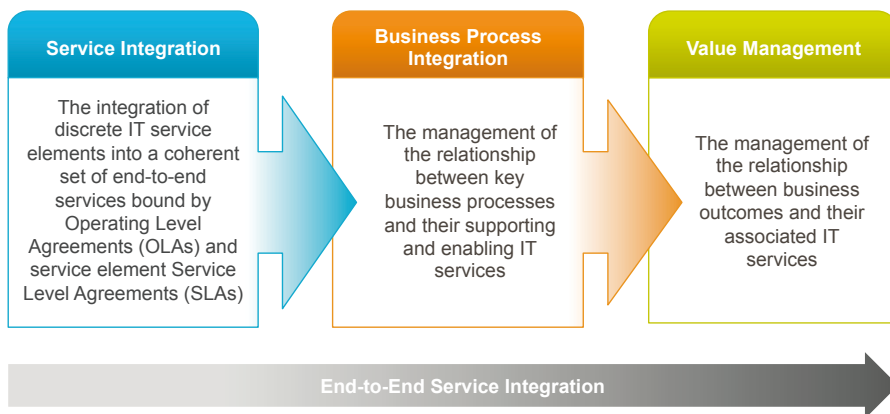
## The Three Stages of Service Integration

Capgemini understands Service Integration to be an independent, reliable and cost-efficient service. An effective Service Integration implementation needs to consider the following three points:

1. Service Integration: The integration of discrete IT service elements into a coherent set of end-to-end services bound by Operating Level Agreements (OLAs) and service element Service Level Agreements (SLAs).
2. Business Process Integration: The management of the relationship between key business processes and their supporting and enabling IT services.
3. Value Management: The management of the relationship between business outcomes and their associated IT services.

Service Integration: Your multi-sourced IT elements delivered as single, reliable and cost-effective service

**People...** then **Process ...** then **Technology**



*This requires a skilled partner well honed in integrating services and delivering multi-tower IT engagements, in order to enable developing the optimum Service Integration strategy.*

Building this Service Integration tier demands that several areas of the business – the commercial relationship between the business, the service integrator and multiple service providers, in particular – are considered carefully. This requires a skilled partner well honed in integrating services and delivering multi-tower IT engagements, in order to enable developing the optimum Service Integration strategy.

Once the three tiers of Service Integration and their relative components have been examined, an understanding of the actual value Service Integration can add to the business is key.



## How is Value Derived?

Service Integration does not merely 'integrate services'. The added value is derived from the volume and quality of performance and utilization data that is made available. It is essential that a good service integrator consolidates, validates and simplifies software license and lifecycle management. Portfolio, program and project data can all be captured in the same environment. Further value is generated from the granularity of the data; this means, for example, that consolidated invoices can be created for each business unit or sub-unit if required. These attributes provide stakeholders with a 'single view of the truth'. With this data clients can be sure that they are only paying for what they consume and can drill down into the data to see where consumption has changed. Furthermore, providers can be assured that they are billing for everything that has been consumed.

However, prior to understanding the value offered, some of the current issues being faced by the CIO need to be identified.

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### Things to consider

#### Conflict of Interest with Suppliers

- Lack of trust in suppliers to resolve conflict of interest with their own agendas.

#### Complex Pricing Model

- Lack of clarity in relation to what payments need to be made or how to evaluate the value of services.

#### Critical to Outsource

- Multisourcing is a complex model that requires careful management. What is needed is an experienced integrator with a strong geographical presence offering the benefits of access to the right tools, skills and best practices.

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### The value statement

A well implemented Service Integration solution provides benefits for the business. Service Integration will reduce your IT operating costs by up to 20% while improving control, flexibility and business alignment.

Some of the additional benefits that can be reaped include:

- Shifting the emphasis from requirement(s) to solution;
- Transferring the solution focus from people and technology to process and integration;
- Prioritizing processes from the very beginning.

### **Does Service Integration detract from the budget in the long term?**

Service Integration need not be an additional demand on the IT budget:

- Some lower functionality moves up into the Service Integration tier.
- Clear roles and responsibilities with all IT service providers are established, duplication is eliminated and unwanted services are identified and de-scoped, with up to 20% IT cost savings while flexibility and control are increased.
- Problem contracts can be disengaged and new providers brought onboard more efficiently, enabling the provision of remedial action.
- Business is more agile and responsive making change easier and more cost efficient.

### **Doesn't engaging another third party increase complexity?**

The challenge for determining what should be sourced or retained internally remains the same for multi-sourcing Service Integration. The question is: who is best positioned to treat it as a core competency and, therefore, should be better positioned to provide this service in the long-term?

Experience shows that a select group of suppliers have developed a best-in-class approach to guarantee that the enterprise receives a more flexible and beneficial service. Leveraging Service Integration as a discrete service delivery function actually tackles and increases value accretion by exposing the complexity, misalignments, overlaps and gaps.

### **Are some IT organizations capable of managing a multi-sourced environment themselves? What capabilities must they possess to do so effectively?**

Service Integration is not a typical enterprise's core competency. It can be highly demanding for a business to access and keep the expertise necessary to provide integration services. Service providers are generally better positioned to leverage processes and technology to maximize the delivery model's efficiency.

The interplay between the role of the service integrator and the enterprise's retained governance functions are a key organizational factor in deciding the scope of services for the service integrator.

What can also be seen when examining the market is that there are very few optimized multisourcing models; this is because the know-how simply isn't there.

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**Implementation comprises several challenges:**

- Contractual realignment
- Mandating collaboration
- Harvesting data
- Integrating toolsets
- Organizational change management

With sound planning, high-level collaboration and end-to-end process transparency, these obstacles can be overcome, and tangible business benefits can be attained.

**The key factors enabling a successful implementation are:**

- Having the right people
- Clear process definition
- Relevant business know-how
- A common toolset

When implementing Service Integration, the business should ensure that the service integrator has a vested interest in success by way of an incentivized contract such as shared risk/reward. This will ensure the right behaviors from the integrator and, by motive, of the whole of the IT framework of suppliers.

Following the summary of potential benefits of a successful Service Integration implementation and the value to the business that can be added, a look at the technical specifications enables the CIO to understand the mechanisms and processes Service Integration employs to achieve these.

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**Service Integration Operating Framework****It's All About the Data**

The transparency of data and the scope for managing it more effectively lead to enormous benefits for the enterprise. Engaging specialist expertise to capture and manage the data enables the CIO to tackle the issues inherent within a sprawling IT landscape, instead of finding short-term, and, inevitably, short-lived solutions.

The added benefit comes from the volume and quality of performance and utilization data that becomes available. In an organization where best practice Service Integration data from IT providers is consolidated and validated, it contributes to providing the business and the service providers with one, coherent view of the IT landscape - a 'single view of the truth'.

With this type of data the CIO can be safe in the knowledge that that they are only paying for what they consume and can drill down into the data to see where consumption has changed, while also enjoying the benefits of more accurate forecasting and capacity and financial planning.

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**Tooling**

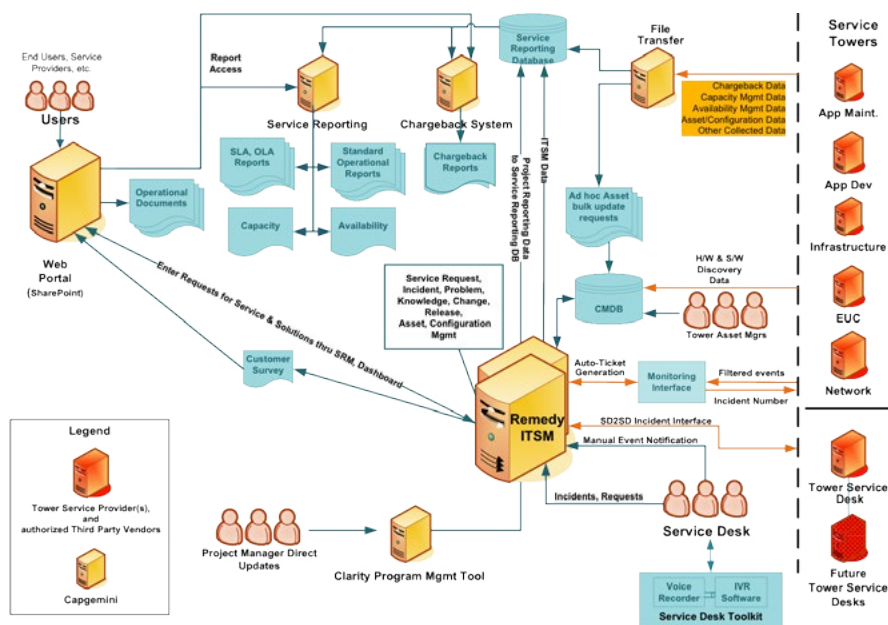
Service Integration can be seen to draw from the 'best-of-breed' school of thinking. A toolset that is both tightly integrated and that easily integrates with those of other service providers is essential.

All parties use the Configuration Management System – this includes end users, specialists and also the service towers. The Configuration Management System

defines all assets, such as the hardware, software and human elements used throughout service delivery, and also examines the interplay that occurs between these different entities and how they work together to create an end-to-end system. For this reason, it is a central part of the offering as a whole.

### Implementation and Reference Architecture

A holistic approach should be adopted when looking at Service Integration. The common question companies ask is: "How do I run it?" To provide the answer, a blueprint needs to be created that applies to the entire IT ecosystem.



Furthermore, it is essential that there is a competent and trained core delivery team that understands the structure and Service Integration model fully. Capgemini's experience solidifies the view that it is important to have a highly organized approach to Organizational Change Management (OCM). OCM can prove to be a substantial challenge, with incumbent IT staff often failing to grasp an understanding of the new model and its intended purpose. Resultantly, several months of 'education' are often required, and the general process of helping the organization adapt to the new changes can be challenging. Without this, staff can easily fall back into old ways of working and the benefits of Service Integration are lost.

Mastering OCM is the lever to attaining success faster - the need to educate current staff is key, and this makes it vital to have a team of delivery experts adept at training and mentoring. It is the technological aspect of the model that requires the most expertise, that is, changing the roles and responsibilities of people and showcasing how to react and adapt to the new model.

To attain a better understanding of the Service Integration framework and how it works in practice, its application in a real life scenario helps to showcase a client with a clear need, the Service Integration solution and the purpose it was introduced to fulfil, and the benefits reaped by the business following the conclusion of the implementation.

## Case Study – State of Texas

### THE DEPARTMENT OF INFORMATION RESOURCES ENTRUSTS CAPGEMINI WITH SIX-YEAR SERVICE INTEGRATION CONTRACT.

#### The Situation

Texas is America’s second most populous state and the Texas Department of Information Resources (DIR) is responsible for administering citizen and state IT services. In 2006, the legislature approved a bill that authorized DIR to undertake a consolidation project for state agencies. The project faced many challenges, including project overruns and service outages. After careful consideration and analysis, DIR determined that a different approach would be required to guarantee the project’s success; an approach that would utilize latest technologies, standardize processes and deliver consistent, integrated and transparent services across the state.

#### The Solution

DIR decided to introduce a new IT governance model that solicited comments and suggestions from customers and encouraged interaction among all parties. Additionally, when the decision was made to allow rebidding, DIR divided up the contract into smaller pieces, allowing for greater vendor participation options.

#### The Result

In the first phase of the project, Capgemini successfully transitioned the Data Center Services (DCS) project to a new, integrated IT service model within the allocated time period. Capgemini integrated multi-sourced services on behalf of the Department of Information Resources as it standardized its infrastructure processes and maximized the value of its IT services delivered by various suppliers. This program brought together more than 150 experts led by Capgemini’s North American Infrastructure Services team, supporting twenty-eight government organizations across the state. Specifically, the team provides a variety of services including information technology infrastructure library (ITIL) based service management, service desk solutions, program management, IT security, business continuity, disaster recovery and financial management.



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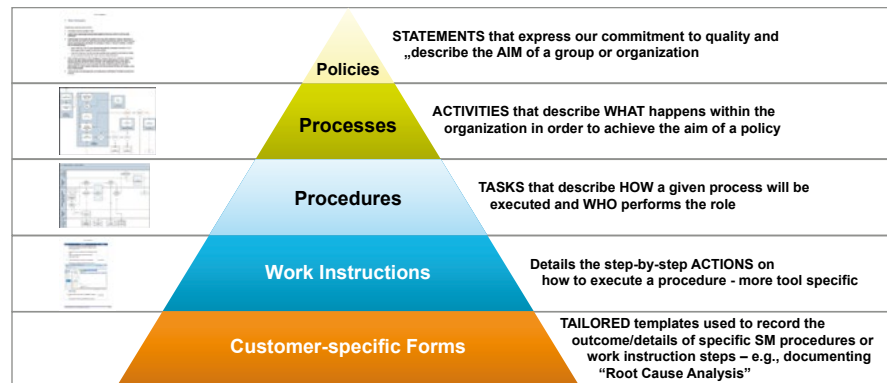
#### Capgemini’s Position within the DIR Operating Model

As can be deduced from the diagram, Capgemini provided capabilities via the blue service integrator layer and acted as the enabling hub for data center services. Key interface points included the agencies, DIR Governance Committees, and Service Component Providers (SCPs). The SCPs executed their functions using the Capgemini-provided service management tools and processes.




### Five-tier process model

Capgemini used its proprietary five-tier process model that constituted several different aspects. It conformed with ITILv3 at all levels, and was specifically tailored to meet customers' needs at the procedure and work instruction level. It was compiled into a comprehensive online and in-person training curriculum.



**Five-tier Process Model is:**  
 Conformant with ITILv3 at all levels;  
 Specifically tailored to meet our customers' needs at the procedure and work instruction level;  
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### Summary – Why Capgemini?

Capgemini’s experience and knowhow garnered through several successful implementations render us the ideal Service Integration partner. Capgemini offers a modern and pure Service Integration solution. Our reputation as a Service Integration specialist is further reinforced by the considerable investments we have already made in this area, running congruently with the long-term focus Capgemini’s Service Integration offering has.

Our Service Integration solution provides the business with:

- Reduced operating costs;
- Increased control over IT service providers;
- Enhanced IT flexibility and responsiveness;
- Reduced risk, improved governance & compliance.

Capgemini’s vision for its Service Integration services is to help its clients to achieve reliable, sustainable and verifiable alignment of multiple IT services and suppliers with their desired business outcomes. Such alignment will be achieved by an effective blending of services in a controlled manner, enabled by Capgemini’s practice framework of proven processes and fit-for-purpose toolsets.

Our Service Integration services are underpinned by a rich base of talent that is experienced in harmonizing legacy services and emerging services – as well as technologies – to ensure successful adoption. With Capgemini, the client is guaranteed a partner with a plethora of industry experience in developing and integrating Service Integration software that helps the CIO to streamline their IT service vendor environment, while simultaneously enabling them to add value to the business. This value is derived from reduced chaos, lower costs, access to useful data, and strategic service implementation.



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## About Capgemini

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With more than 125,000 people in 44 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2012 global revenues of EUR 10.3 billion.

Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want.

A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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