

Service Management Integration is the Answer

The Evolution of IT Service Management in a Multi-Supplier, Geographically Dispersed Environment

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The past two decades have seen IT Service Management evolve from a simplistic, uncoordinated client-retained function to a virtualized, geographically dispersed service that manages multiple providers with virtual teams in a much more sophisticated environment. The financial pressures that have driven companies to lower cost, choose multi-sourced IT services, and deploy a globally distributed workforce, have resulted in increased risk and challenges which are being successfully addressed by IT Service Management.

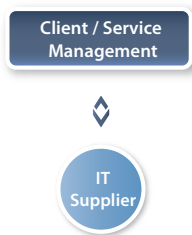
Service Management in the early outsourcing models was usually co-located with the client and managed a small number of local outsourcing providers. As the outsourcing model evolved and businesses searched for less expensive ways to provide IT support, both service providers and IT Service Management became globally dispersed, consisting of virtual teams.

In conjunction with the need to develop the means for less costly IT support, business also sought better service levels. Both requirements were key factors in the adoption of global process and governance standards, such as ITIL and COBIT. The dispersion of service providers and the globalization of the workforce drove a requirement for increased process maturity, consistency and sustainability. Processes that were effective when support providers were local, and communication was more direct, became ineffective in a dispersed environment. As industry moved toward a more mature and global outsourcing model, IT Service Management became the focal point for the ownership and control of these processes. Due to resulting environmental complexities, it was only through the development, implementation and execution of very mature processes that timely, effective and efficient IT service delivery could be provided to the business.

Service providers, such as Capgemini, recognize that Service Management Integration is the glue that enables the successful management of the IT enterprise and is the critical component that can orchestrate the delivery of consistent, quality IT service in today's globalized outsourcing model. The Service Management Integration (SMI) capability has become the focal point for service delivery to the client, integrating all aspects of service delivery, coordinating the supplier base, and providing the information necessary to enable the client to make the right decisions at the right times. The SMI layer provides the detailed processes and procedures enabling service providers to deliver services to the client in a clear and consistent manner.

The Evolution of the Outsourcing Environment

1st Generation Outsourcing Model



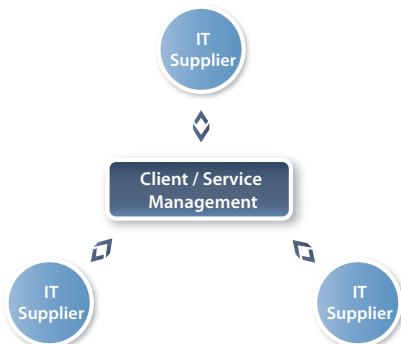
The 1st Generation Model:

In the late 1980s and early 1990s, the typical outsourcing model was characterized by a single IT supplier as a vendor that managed the bulk of the IT enterprise. Service Management was usually a client-retained function, but in some cases may have been outsourced to the vendor as part of this 1st generation model. Best practices, such as ITIL, were utilized but processes were typically immature and the implementation of comprehensive Service Level Agreements (SLAs) was the exception rather than the rule. Service Management was generally easier to manage in a single-vendor model, however, overall outsourcing costs usually ran high as there was little incentive for cost efficiency and the client was usually at the mercy of the service provider.

1st Generation Outsourcing Characteristics

- Client-driven IT strategy
- Single IT supplier as vendor
- Service Management typically owned by the client
- Immature processes
- Minimal savings
- Little focus on customer satisfaction

2nd Generation Outsourcing Model



The 2nd Generation Model:

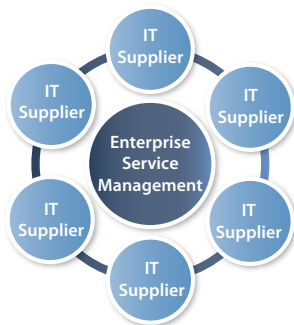
In the late 1990s and 2000s, as outsourcing clients began to embrace the idea of a multi-vendor environment, the 2nd generation outsourcing model was born. Clients pushed back on outsourcing costs and demanded higher levels of performance for IT services. Infrastructure Management, Service Desk, Applications Management and other service towers were no longer sourced to a single provider. This model helped clients streamline costs associated with IT service delivery but significantly increased the complexity of Service Management processes due to the need to manage and oversee multiple service providers. Service Management in the 2nd generation model in some cases was retained by the client but usually was a centralized service outsourced as part of Applications Management,

Infrastructure Management or Service Desk. Formalization of SLAs and OLAs (Operating Level Agreements) was a key factor contributing to the success of the 2nd generation model but suppliers tended to be individually incentivized, or penalized, for performance which led to internal competition that was not always in the best interest of the client.

2nd Generation Outsourcing Characteristics

- Client-driven IT strategy in a multi-source environment
- Centrally located IT Service Management
- Individually incentivized suppliers resulting in competitive environment
- Moderately mature processes leveraging ITIL best practices
- Global/virtual teams (not always)

3rd Generation Outsourcing Model



The 3rd Generation Model:

Industry today is evolving toward selecting best-of-breed providers which leverage globally distributed workforces. In their quest for lower-cost, better talent and innovation, companies are scattering their workforce, or leveraging an outsourced workforce, around the globe in order to improve their cost and competitive position. As a result, the IT environment has become significantly more complicated and difficult to manage. Without a common way of doing IT, new problems will supplant any benefits.

- The ways of managing IT that worked fine when housed in one or two domestic buildings ceases to be effective when staff are in Eastern Europe, Asia, India, or Latin America.
- Additionally, often the catalyst or business case for the new globally distributed workforce is a consolidation of multiple BUs within the company, each with their own way of doing IT, which adds even more challenges.

The 3rd generation model, pioneered by GM's legendary CIO Ralph Szygenda, is characterized by multiple, geographically dispersed providers competing with one another but incentivized to cooperate by using mature processes based on global standards and frameworks including ITIL, COBIT and ISO. A partnering paradigm must exist among service providers and the implementation of collaborative methods and well-defined SLAs and OLAs are key factors in the success of the model.

3rd Generation Outsourcing Characteristics

- Client-driven IT strategy in a multi-supplier environment
- Mature and distributed Service Management capability
- Suppliers working together as a team
- Implementation of collaborative methods (throughout execution)

- Well-defined and mature processes (ITIL, COBIT, ISO)
- Global/virtual teams
- Improved service delivery, cost effectiveness and capability

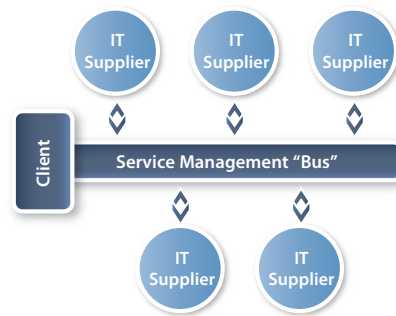
Maturation of Service Management is characterized by its evolution from a centrally located function to a distributed function comprised of virtual teams managing mature processes in a global, multi-vendor environment. 3rd generation outsourcing models yield improved service delivery and cost effectiveness but represent a much greater challenge for IT Service Management, requiring the implementation of more robust and mature processes. In most cases, Service Management is enterprise wide, and for larger, globalized clients, operates in a federated model with centralized direction-setting and decentralized, virtual, dispersed teams executing the operations. The client-retained IT organization is often confronted with the challenge of integrating multiple suppliers (supplier governance and oversight) while providing the detailed management information necessary to run the business. The client environment can range from smaller, local operations to international operations spanning multiple time zones with multi-lingual support requirements. IT Service Management processes and supporting tools must be more mature out of the necessity of managing a much larger and more complex landscape, and provide flexibility and responsiveness while ensuring the quality and consistency of service delivery.

Service Management Integration (SMI)

Service Management Integration plays a key role in resolving these complex workforce challenges. SMI can help manage this environment by supplying the processes, tools and operations which coordinate the supplier base, and by providing the information necessary to enable the client to make the right decisions at the right times to meet changing market requirements.

As a case in point, Capgemini has a plug-and-play SMI supplier model that can be maintained and controlled with a smaller retained IT organization by utilizing processes, procedures and tools to provide a common way of doing business, improved coordination of best-of-breed suppliers, and flexibility within the IT enterprise. This SMI model is analogous to a computer bus. The bus connects all the internal computer components to the CPU and the main memory. In Service Management terms, the 'bus' is the Service Management Integration layer which is the centralized hub consisting of mature, common processes, procedures, work instructions, tools and controls. IT suppliers plug into the SMI layer which provides them the conduit by which they provide their respective services to the client. The IT suppliers must adhere to or interface with the processes and tools sanctioned by the SMI layer. Service Management Integration provides reporting, oversight and control of these processes to deliver the most efficient means possible for IT suppliers to meet their respective SLAs with the client.

Operational IT Enterprise and the IT Service Management “Bus”



An advantage of the Service Management “bus” concept is its ability to couple and decouple IT suppliers in response to client needs.

Capgemini has seen that the plug-and-play SMI solution enables organizations to achieve their IT objectives and bring value by:

- Creating a single point-of-contact for operational management of the IT enterprise for enhanced user experience;
- Reducing manual work and human error for better response and fix time for incidents and requests;
- Implementing a cross-supplier and function operations model that drives alignment with the business and reduces incidents, problems and fire fighting to drive down non-discretionary IT spending;
- Implementing a reporting solution which provides transparency into internal IT operations and the supplier, allowing intense focus on key issues and opportunities, for business to focus on the things that matter most;
- Implementing an audit solution and focusing on service assurance, which affords improved visibility to process compliance and executive dashboards to facilitate intelligent and efficient steering and management of IT, for the client to manage and not run IT.

The drive for cost reduction and service quality has led to globally distributed workforces, virtualized teams and appreciation for mature processes. The need for flexibility in order to better meet changing business demands has resulted in the demand for a plug-and-play IT supplier model. These demands have fundamentally changed the way IT services are delivered and without the proper operating model and platform, will result in increased risk to the business and additional delivery challenges overriding the promised benefits.

These risks can be mitigated through the implementation of an integrated Service Management solution, such as Capgemini's SMI platform. SMI has established mature processes leveraging ITIL and COBIT in a formal delivery framework to facilitate consistent and repeatable quality of service that can be provided to the business. Language and location are no longer an issue. Supplier flexibility is achieved through the development of a centralized Service Management hub, with predefined processes, procedures, work instructions and controls, where service providers can be added or deleted as needed by the business.



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Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies.

Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience. The Group relies on its global delivery model called Rightshore®, which aims

to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients.

Present in more than 30 countries, Capgemini reported 2008 global revenues of EUR 8.7 billion and employs over 92,000 people worldwide.

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