



***Homesteading:
Examining Application Support Strategies***

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Today's Agenda



- Introduction
- The Planning Process
- Managed Application Support
- Customer Scenarios
- Conclusion

Who is MBS?



- **HP Platinum Partner**
- **Professional Services organization**
 - Founded in 1993, headquartered in Colorado with global service delivery
 - Approximately 150 professionals across U.S.
 - Application development, migration & integration
 - Full-service 24x7 Support
 - Twice named to Inc 500 “Fastest growing, privately held companies in United States”
 - Profitable since day one
- **Stay, Port, Build or BuyTM!**



Why are we here?



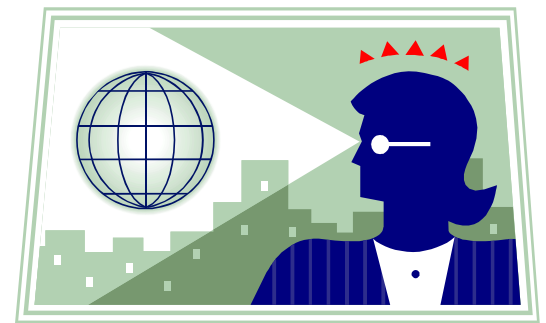
- Address Homesteader's needs
 - What should I do to prepare for Homesteading?
 - What questions should I be asking?
 - What problems have others run into?



What are we covering?



- High-level overview of Homesteading issues
- Briefly examine Hardware & System Support
- Focus on Application Support issues
- Provide long-term vision for future



Planning Process: Outsourcing



Homesteading will involve Outsourcing

“Outsourcing is an arrangement in which one company provides services for another company that could also be or usually have been provided in-house. Outsourcing is a trend that is becoming more common in information technology and other industries for services that have usually been regarded as intrinsic to managing a business. In some cases, the entire information management of a company is outsourced, including planning and business analysis as well as the installation, management, and servicing of the network and workstations.”

Source: searchCIO.com



Why outsource? Industry statistics

- **An effective outsourcing strategy can reduce these ownership cost by as much as 30 to 40%. *Thomas Kelly's "Is Application Outsourcing Right for your Business?"***
- **Global outsourcing can reduce application management costs by 20-50%. *Forrester Research***
- **The highest revenue and Gross margins will come from support services that aim to increase availability in mission-critical environments. *International Data Center (IDC)***

THE BOTTOM-LINE IS...

Analysts agree, noting that in 2002 the outsourcing market will help companies trim costs around non-core business requirements, squeezing the most efficiency out of the systems and applications already bearing an investment.

Why outsource? What the experts are saying...



- **“In the past companies outsourced to get rid of assets...today more and more companies outsource to gain capabilities.” *Wendal Jones, Outsourcing Center Analyst***
- **“The shared risk arrangement between the two companies is one of the most visible examples of a growing trend of risk and reward relationships between supplier and customer,” *Stephen Lane, Aberdeen Group’s IT services research director.***
- **“The challenge for small to mid-sized companies is that it will become even more difficult to discern the right choices, unless they take a strategic approach to IT outsourcing.” *Bill Donovan, CEO Intellicions***

Outsourcing trends



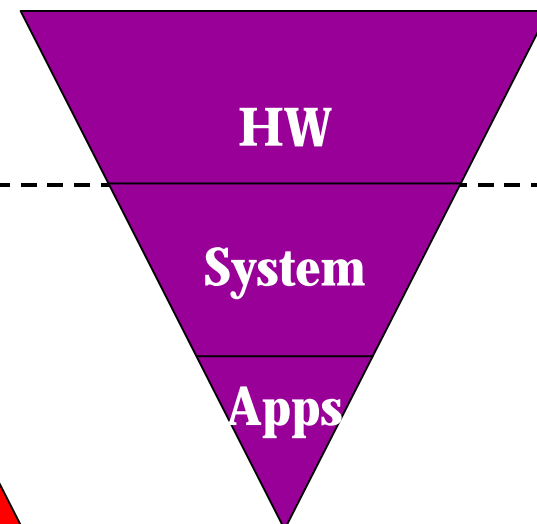
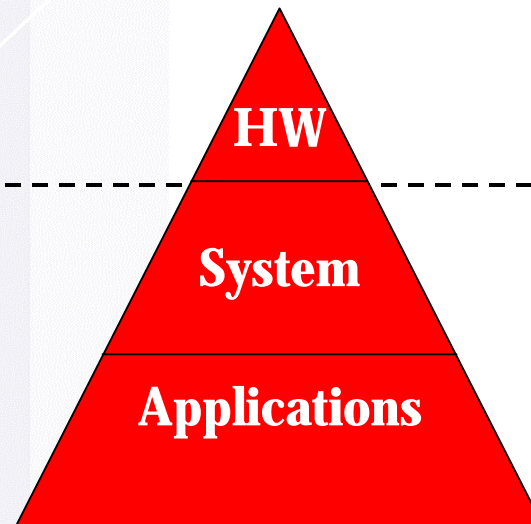
Service Type

Degree of Customization

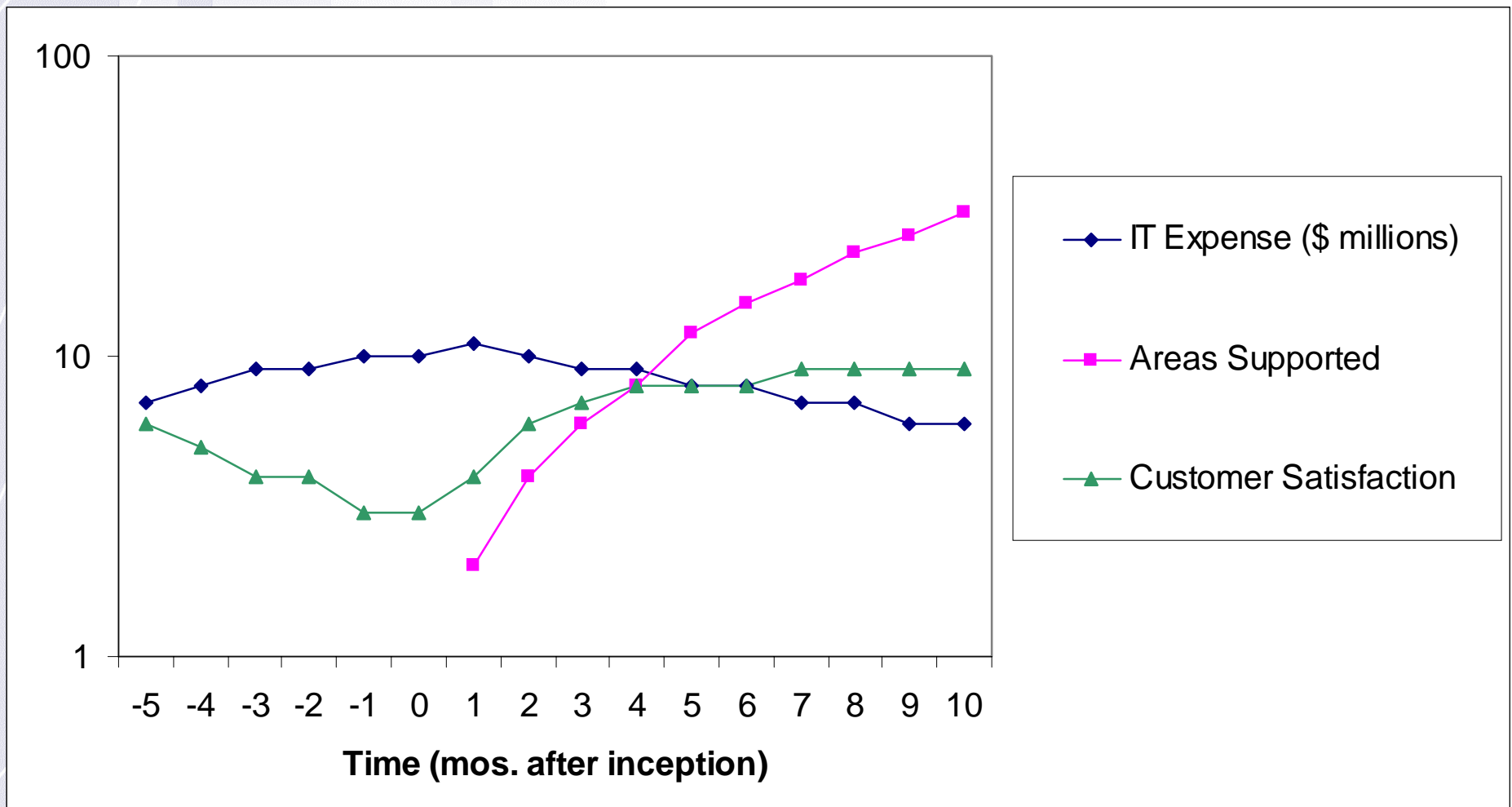
of Support Providers

Outsourcing

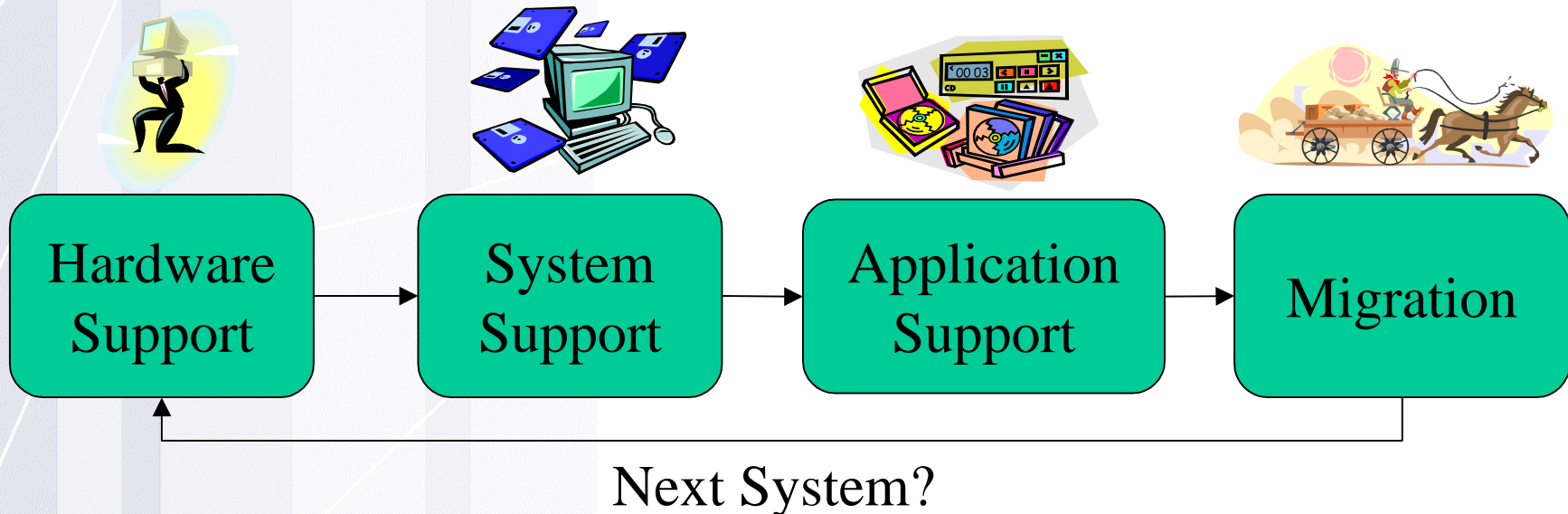
Managed Services



Outsourcing impact



Areas to Outsource



- Hardware support costs can be decreased relatively easily
- System support: many unanswered questions/challenges
- Application support is the least understood/visible
- Eventually, migration must be considered
- What happens when you do get to your next platform?

Planning Process: Hardware Support



- **Reputation & references**
 - HP3000 history
 - If new to HP3000, past performance w/previous platforms?
- **Price & performance**
 - Can they provide 24x7 support? At what cost?
 - Response time? Type of response?
- **Parts availability**
 - Sourcing strategy
 - 3rd Party reliance versus Personal stockpile



Planning Process: Hardware Support



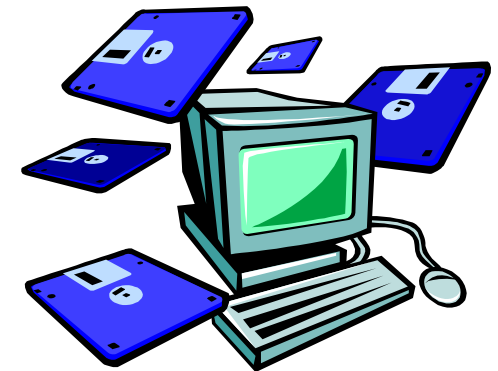
- **Personnel**
 - Does the Vendor have certified engineers?
 - How long have they been doing this type of support?
- **Proactive maintenance**
 - What policies/costs are associated with ensuring hardware is secure before problems occur?
- **Data centers**
 - Can the Vendor operate in an ASP model?
- **Disaster recovery**
 - Is the Vendor prepared for a catastrophic failure?
 - How long would a complete recovery take?



Planning Process: System Support (MPE)



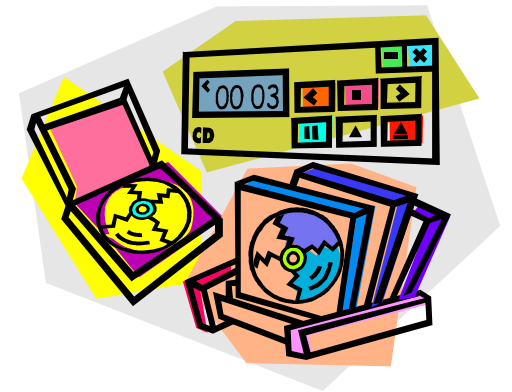
- **Ensuring stability (Vendor qualifications)**
 - Strategy: Intend to perform support w/o access to MPE source code?
 - Staff: Qualified personnel to patch OS code at the application level?
 - History, business viability (size, longevity)
- **Controversial, future uncertain**
 - OpenMPE status?
 - MPE emulator?
 - Access to MPE source code?



Planning Process: Application Support



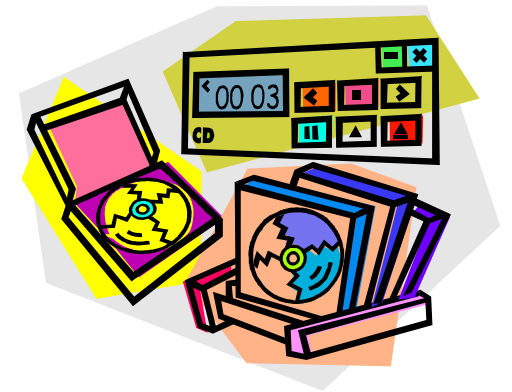
- **Optimum application support provider profile**
 - Focused on support as primary business
 - Flexible enough to take on custom applications
 - Also offers development services
- **Application definitions**
 - Custom, in-house developed code
 - Defunct ISV code (orphan)
 - Mainstream ISV code



Application Support FAQs



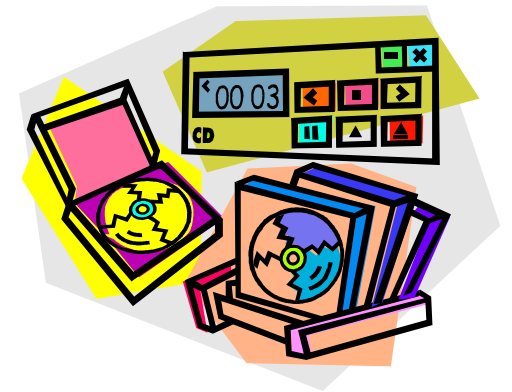
- **Business knowledge**
 - Does the Vendor have a balance of technical & business expertise?
 - Must be able to solve problems AND keep business profitable!
- **Application knowledge**
 - Can the Vendor support Custom code?
 - Is their Support Transition process documented & proven?
 - What is their specific skills set?



Application Support FAQs



- **Technical depth & breadth**
 - Are the Provider's services scalable?
 - How quickly can they expand or contract their services?
 - What type of penalty will changes incur?
 - Can the Provider work in mixed environments?
- **Support Focus**
 - Is support the Provider's core focus?
 - How long have they been in support?
 - What is their client retention rate?



Managed Application Support (MAS)



- **Factors to consider when selecting a MAS provider**
 - Service level agreements (SLA)
 - Application transitions
 - Proactive support model
 - Support methodologies
 - Support tools
 - Application enhancements & upgrades
 - Staffing & turnover

Service Level Agreements (SLA)



- **Service Level Agreement is the contract binding client & service provider**
- **Ensures expectations & service level is communicated & agreed upon**
- **Absolutely critical: can make the difference between business success & failure**
- **Guarantees are worthless without a SLA**

SLA criteria



- **Purpose of the SLA**
- **Description of services**
- **Flexibility - ability to meet unique business needs**
- **Hours of coverage, Duration of services**
- **Installation timetable**
- **Payment terms**
- **Termination conditions**
- **Providers obligations & penalties should SLA not met**

SLA Performance Levels



- **Call closure**
 - What is the expectation?
 - What qualifies as call closure?
- **Call acknowledgement**
 - How long does it take for a call to be acknowledged?
 - What is their definition of acknowledgement?
 - Does a live person take the call vs. pager vs. answering service?

SLA Performance Levels (cont.)



- **Application availability**
 - What metric does the Vendor provide?
 - What is your business' downtime cost?
- **Client satisfaction**
 - What processes are used to gauge this?
 - What happens if you are not satisfied?
- **Enhancements & trends**
 - Does the SLA maintain status quo or does the Vendor offer proactive enhancements?
 - Is trend analysis included? Are they empowered to act upon trends?

Application Transitions



- **Vendor must demonstrate overall business process understanding & change management**
- **For each specific application, the Vendor must understand:**
 - Business use, process criticality
 - Technical environment
 - Interfaces
 - Critical events
 - Local customizations
 - Key users
 - Data flow

Proactive Support Models



- **Norm is reactive support model: action is dictated when a problem occurs**
- **Proactive support reduces ongoing costs**
 - Focus on fixing recurring problems
 - Continuously monitors applications for aberrations
 - Unsolicited communications to increase business productivity
 - Capture, document integration of application & data flow, useful for training

Support Methodologies



- **Client service standards**
 - Are these clearly defined?
 - What level of service is guaranteed and how is this measured?
 - What structure is in place to capture data?
- **Knowledge management**
 - How is the knowledge capital captured, managed & disseminated?
 - Is this knowledge actually being re-used or are problems routinely being re-investigated?

Support Methodologies (cont.)



- **Communication management**
 - What processes are in place to facilitate communication? Is it bi-directional?
- **Release to production**
 - What is the quality assurance process for releasing new applications or modifying existing ones?
 - Testing
 - Going live
 - Version control
 - Risk mitigation
 - Documentation

Support Methodologies (cont.)



- **Change management**
 - Process for planned & unplanned changes?
 - Management of fluctuations in support needs?
 - Service impact
 - Price
 - Metric adherence
- **Escalations process**
- **Obsolescence process**

Support Tools



- **Does the Provider have proven support tools?**
 - Knowledge base
 - Problem management tools
 - Communication tools
- **Flexibility to adjust to new tools?**
 - Usage of clients' support tools
 - Adaptation to new/emerging tools
 - Creation of new tools per business needs

Support Tools: Knowledge system



- **Knowledge system retains & recalls critical solution data; should be:**
 - Web enabled
 - Have flexible/powerful search capabilities
 - Secured logins
 - Scalable
 - Self-help interface
 - Integration with problem management tools

Support Tools: Problem Management



- **Problem management tracks & prioritizes calls to ensure critical issues are addressed**
- **Features should include:**
 - Priority driven call management queues
 - Flexible search capabilities
 - Unlimited customized call queues
 - Customized response times & priorities
 - Client interface to review reports & call details for managing performance & service levels

Support Tools: Problem Management



- **Problem management tool features (cont.)**
 - Drill down capability for summary to detail data
 - Ability to view open, closed, un-owned calls
 - Analysis reporting to identify improvements
 - Customized reports availability
 - Client ownership of data
 - Secured logins
 - Scalability

Support Tools: Communication



- **Communication is critical to the success of application support. Tool features should include:**
 - Upcoming event notification
 - Seamless closure of client calls & requests
 - Action item management by team or queue
 - New project/case information management
 - Secure logins
 - Scalability
 - Shift transition management

Application Enhancements & Upgrades



- **Long-term supportability must be kept in mind.**
Provider should:
 - Assess & comprehend business environment
 - Understand the software development lifecycle
 - Involve support analysts & business users throughout SDLC
 - Establish definitive metrics to measure success
 - Demonstrate ability to provide accurate, thorough documentation

Staffing & Turnover



- **Outsourcing benefit: Provider incurs cost, responsibility of managing, replacing resources. Provider should:**

- Have infrastructure in place to expand/contract rapidly as fitting your needs
- Be able to share with you hiring methodology
- Minimize turnover; will be more responsive, scalable
- Have turnover rate < 10%; average IT: 35%
- Assume responsibility for training new resources

Eventual Migration



- **Support provider will have intimate knowledge of not only your hardware, systems and applications, but also your business**
- **Outsourcing support now can help fund eventual migration**
- **Support provider should be more than a contract; should be your business partner**
- **Change is natural, trust your instincts!**

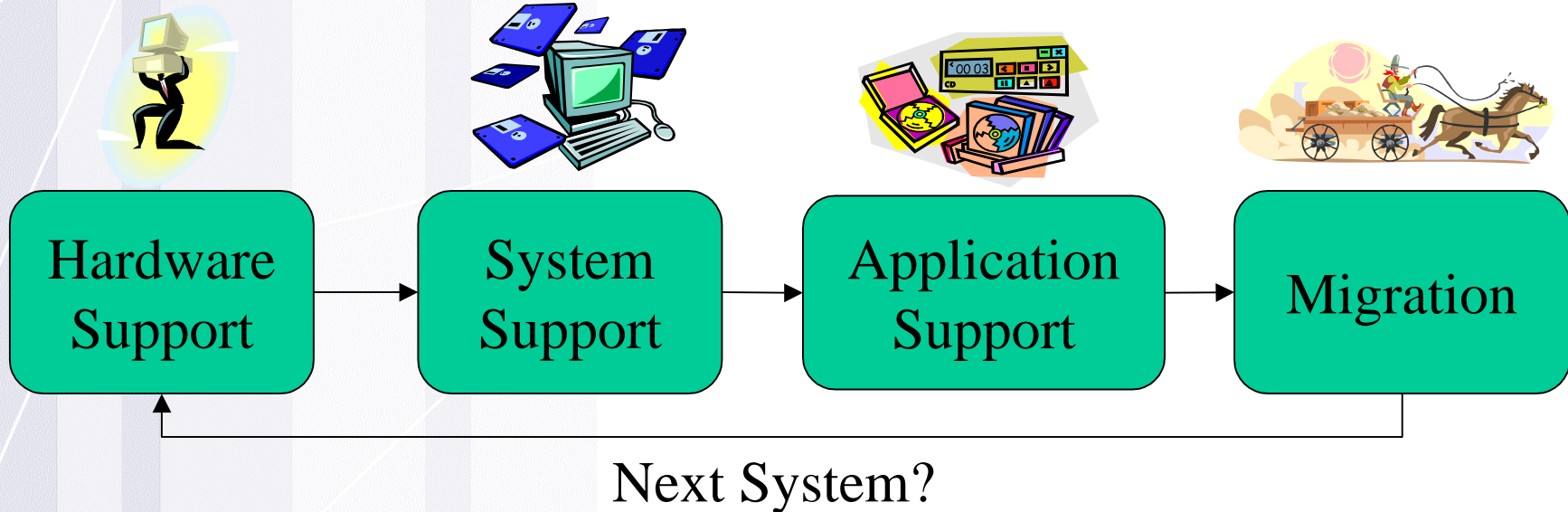


Customer Scenarios



- **This will be covered during the actual presentation. However, contractual obligations forbid MBS to share these situations electronically or in physical form. Therefore, we are able to share the customers' experience verbally during the presentation, but not physically via CD-ROM or hardcopy.**

Areas to Outsource



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- **Application support is the least understood/visible**
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Conclusion



- **Choosing to outsource support is risky, rewarding**
 - Reduce operating costs
 - Reallocate critical resources
 - Minimize, quantify risks
- **Do your homework**
- **Continue to monitor effectiveness**
- **Keep your Business' best interests in mind!**





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