



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?



beyond the call..

• 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
- <u>Stay</u>, 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





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





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beyond the call...

Outsourcing impact







beyond the call ...



- 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?





beyond the call...

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 <u>AND</u> 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.



Application Transition & Support



Challenge

Facing obsolescence of its Legacy order fulfillment and finance applications, the client was completing implementation of SAP to replace its highly integrated business systems. An effective transition plan was necessary to ensure successful deployment of these systems, integration with other divisions, and minimize any impact on business operations. The client did not have the bandwidth or core competencies to complete the transition, threatening to cost the business thousands of dollars in lost productivity.

Solution

MBS deployed a team of transition specialists and support analysts to review the systems and their integration points, design a transition plan and then seamlessly transition applications from their Legacy infrastructure into the SAP environment. In addition, multiple instances of SAP were alleviated, allowing for increased productivity, minimal redundancy, and a reduction in operational costs.

Global 2000 Company, Large-Scale Transition . . .

MBS' proven processes facilitated a seamless transition of the client's critical business applications, resulting in a completion two months ahead of schedule. In addition, the single SAP instance required fewer resources, saving \$13,300 per month while enabling the enterprise to stay focused on core competencies.



Managed Application Support



Challenge

The client's order fulfillment system was unreliable. Bandwidth unstable and constraints required managers to receive error escalations, causing the server to be extended down for periods, delaving resulting shipments for days, and in substantial revenue losses.

Solution

MBS assumed responsibility of servers and implemented critical event monitors to track and ensure 24 x 7 availability. In addition, knowledge management documentation and team-member further cross training improved productivity, resulting in а dramatic reduction in escalations and downtime averaging fifteen minutes or less.

Global Manufacturing Company, Managed Application Support . . .

MBS proactively monitored and supported the client's critical order fulfillment server, significantly improving performance. Client realized a 90% reduction in downtime, zero escalations over a 12-month period, and consistent, timely order fulfillment, resulting in increased productivity and profitability.

Enterprise Application Management



Challenge

The client had to find a way to reallocate its internal resources for a backlog of critical projects. The decision was made to outsource support of a large number of customized, globally accessed applications used by hundreds of thousands of users. This high-maintenance environment included 20 custom middleware applications, 30 severs, and 50 URLs and had to be transitioned within 30 days. In addition, many support processes were manual, time consuming, and documentation was unavailable.

Solution

Through a proven transition methodology, MBS worked with the client to transfer the environment within required timeline. By automating processes and creating a knowledge management system, the number of escalations were dramatically decreased and recovery time minimized. Additionally, MBS set up a 24 x 7 hotline and customer web site to further improve productivity and enhance customer satisfaction, resulting in an average satisfaction rating of 4.63 on a five-point scale.

Global Manufacturing Company, Managed Application Support . . .

MBS seamlessly transitioned client's highly accessed, global applications within 30 days and reduced the required resource allocation by 50%. The MBS **Application Management** framework resulted in a dramatic reduction in escalations (out of 6,241 critical events in a sixmonth period only 17 were escalated) and a 99.999% uptime. As a result, the client can focus on their core competencies.



- Hardware support costs can be decreased relatively easily
- System support: many unanswered questions/challenges
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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



• <u>Keep your Business' best interests in mind!</u>





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