BUYER CASE STUDY

BT's Experience of Using Wipro to Transform its Release-Service Introduction, Testing, and Deployment Activities

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IDC OPINION

BT used Wipro to help it drive significant reductions in the cost of its release-service introduction, testing, and deployment activities, and simultaneously drive significant increases in the efficiency and quality of these activities, to improve the end-user experience — both internal and external.

☑ BT cut the delivery costs of the release-service introduction and deployment management activities significantly by around 60%. Process quality improved significantly, and BT reduced the number of customer-impacting faults introduced during the service introduction cycle by an estimated 80%–85%. BT and Wipro drove 68% and 69% reduction in cycle times respectively for low-complexity and moderate-complexity deployment projects. BT also now has stronger governance and greater transparency in its release management and deployment cycle, and internal stakeholder satisfaction levels have increased.

☑ BT was impressed by Wipro's high level of collaboration, both in terms of the way it managed operational delivery but also in the way it agreed commercial terms. The transition to Wipro was also significantly easier than BT had expected. BT was also impressed by the way that Wipro proactively took knowledge and insights gained from other engagements and applied this when problem solving for BT, and the way that it deployed high-level staff and/or relatively large teams to fix problems quickly and at root cause.

☑ BT found that the level of challenge or "pushback" from Wipro was lower than it would usually be from an onshore-based vendor or from individual contractors. It ascribes this in part to the very collaborative attitude of Wipro, and its desire to please the client and not to quibble with the client.

☑ IDC recommends that end users and vendors pay attention to the importance of trust and "cultural fit" between client and outsourcer. BT and Wipro are clearly very different types of organization with very different cultures, but part of the success of this project came from the willingness of both sides to build flexibility into their working relationship, in both operational terms and financial terms. The transition phase of projects is also critical (Wipro had only a two-month "window of opportunity" in which to get to grips with BT's offerings, people, structures, and processes, which it did successfully). Planning and preparations before the transition phase are also important, and the client must often change its organization before the transition begins. Lastly, client and supplier should challenge each other constructively.
IN THIS BUYER CASE STUDY

This IDC Buyer Case Study examines BT's successful project to reduce costs and raise efficiency and quality in its release-service introduction, testing, and deployment activities, using offshore-based partner Wipro. It looks at the challenges, risks, and outcomes of the project, and draws some lessons for organizations considering similar challenges.

SITUATION OVERVIEW

Organization Overview

BT is one of the world's largest communications services companies, based in the U.K. but with operations in more than 170 countries. Its main activities are providing fixed-line services, broadband, mobile, and TV products and services to consumers and SMEs in the U.K., and it also provides network-centric IT services and outsourcing to multinational enterprises worldwide as well as to other communication providers and government in the U.K. BT is the incumbent in the U.K., where it is by far the largest telecommunications provider, with divisions serving consumer, business, wholesale, and public sector markets.

BT has four main customer-facing divisions: BT Retail, BT Global Services, BT Wholesale, and Openreach. The two other main divisions, BT Innovate & Design and BT Operate, develop and run the offerings (and the associated underlying infrastructure) on behalf of the four customer-facing divisions.

BT Innovate & Design develops, designs, and delivers the processes, networks, and platforms on behalf of the customer-facing lines of business. BT Operate manages BT's IT and network infrastructure platforms, including 21CN, the next-generation Internet-based voice and data network.

BT Operate's Strategy & Service Introduction (SSI) function acts as the single focus point undertaking all activities of a new release of a BT offering, providing assurance to BT's customer-facing businesses that new and/or changed services will be successfully released into the live environment.

This IDC Buyer Case Study focuses on BT Operate's transformation of the group's release management and deployment management processes during 2009–2011.

Challenges and Solution

BT continually maintains and improves its customer-facing offerings through a cycle of development, testing, and deployment activities that delivers major new releases of product and service offerings each quarter, accompanied in some cases by smaller but nevertheless significant releases on a monthly basis. Releases bring together major new developments of software code along with updates to elements including upgrades of networking infrastructure, upgrades, and deployment of hardware and changes to businesses processes and workflows.

- "Release Service Introduction" brings together the tasks of planning, acceptance into service (AIS), readiness checks, stakeholder management, post-release review, and warranty management.
“Deployment Management” focuses on coordinating and managing the deployment of infrastructure into the production environment. This involves planning for the deployment and coordinating with BT and third-party suppliers to ensure the physical/virtual infrastructure is in place to enable the deployment.

In addition, release testing involves testing prospective releases throughout the development cycle, to iron out potential faults and issues. This IDC Buyer Case Study focuses on the release-service introduction and deployment management contracts.

The management of the entire end-to-end release life cycle for BT’s offerings is therefore a very complex and mission-critical activity. Development, testing, and deployment cuts across large parts of BT’s network infrastructure but also introduces changes to internal and customer-facing business processes. A quarterly release of a major offering might affect 30 or 40 business processes across BT and cut across multiple business units, both customer- and internal-facing.

The Challenge

In late 2008, BT was using a mix of internal resources and third parties, mostly individual contractors, all of which were based onshore. The fact that work was performed entirely onshore and by a relatively large number of external contractors that were paid on a time-and-materials basis meant that the process was both expensive and difficult to manage in an end-to-end manner, making it hard to drive improvements in quality, efficiency, and cost.

BT decided that it needed to drive significant reductions in the cost of its release-service introduction, testing, and deployment activities.

The telco wanted to drive significant increases in the efficiency and quality of these activities, so that the end-user experience — both internal and external — was improved. The company wanted to drive reductions in fault levels and improvements in right-first-time deployments.

BT also wanted to improve its managers’ understanding and control of these activities, by improving process governance and transparency and by creating better key performance indicators (KPIs) and service level agreements (SLAs).

As well as improving quality and reducing costs, BT wanted to establish a “predictive view of the customer experience” — in other words, to better predict and understand the likely impact of new releases on its internal and external customers, and to further reduce the number of customer-impacting faults.

Strategy and Solution

BT decided to consolidate the management of its release-service introduction and deployment activities into a single unit, and to massively reduce the number of suppliers that this unit would manage.

In particular, it decided to significantly consolidate the number of external suppliers for its release management and deployment management activities, and to put as much of this consolidated work as possible into offshore-based locations run by external partners in a managed service “factory” based model. This meant replacing a network of U.K.-based suppliers, including more than 30
individual contractors, with a mixture of newly-appointed internal BT personnel working onshore, and an external supplier offshore-based services.

- As part of this process, BT restructured the roles and organizational structures and processes within these activities in order to create the new organization that would quickly and smoothly implement this onshore/offshore workload split. BT wanted a clear delineation between onshore and offshore: onshore work would be done by BT, offshore would be done by third parties, but this work had to be done seamlessly and in a collaborative manner.

- The telco wanted to move from paying its contractors by time and materials, its traditional model, to paying them by “service based” pricing mechanisms, in which the cost for each project is fixed according to its complexity in order to control costs better and gain greater predictability and transparency in paying its partners. It also wanted to introduce a greater element of payment by results, and as part of that the release management and deployment management activities were to have a significant element of performance-related pay — up to a quarter of total contract value.

- BT also decided to insert into the contracts an element of continuous service improvement, building on the initial gains in quality improvement and cost reduction that it expected from the deal. To do this, it decided to insert both short-term and long-term elements of service transformation as part of the core contract.

**The Risks**

- For BT, this was something of a departure. Moving a significant volume of work offshore while simultaneously switching from a traditional time-and-materials payment model to a service-based price model with significant elements of payment by results meant simultaneous organizational and cultural changes for BT. This carried obvious risks, but BT was confident the risks were containable.

- An obvious risk in moving work offshore and in adopting new structures and processes was that the transition would be difficult, involving service disruption that might cause degradation to the customer experience and create new costs for BT.

- One concern was that the offshore service provider would not be flexible enough to deal with the different approaches and ways of working that were in place across the BT group. A “one size fits all” approach from the offshore vendor would not have worked.

- BT wanted to appoint a highly collaborative supplier in order to optimize the transition, day-to-day service delivery, and the subsequent process of service improvement and transformation. One risk was that an external supplier with a highly collaborative approach might not be willing to “push back” to BT by arguing the case against an improvement request that BT was asking for.

**Choosing the Release and Deployment Management Partner**

BT issued an invitation to tender in late 2008 for an external partner to provide the offshore-based services for both the release management and deployment management activities. It also issued a tender for end-to-end testing activities (for
Openreach), which were kept separate from the release management and deployment management activities.

The release service introduction and deployment management projects were sponsored on the BT side by David Butcher, the managing director of Service Introduction at BT Operate. The contract lead for this on the BT side was his colleague Bob Pawson, director of Service Introduction Release at BT Operate.

The telco shortlisted five suppliers with significant offshore-based IT services capabilities, and chose Wipro, signing two parallel deals for release management and deployment management in May 2009. Wipro is one of the leading offshore vendors operating in Europe, specializing in technology and business consulting, outsourcing, and product engineering services.

Although the quality of all the shortlisted vendors was strong, BT felt that Wipro had the edge in terms of responsiveness and flexibility during the tendering, with the India-based company quickly and iteratively adapting its draft proposals and its commercial terms as the dialogue between BT and its potential vendors developed.

The BT/Wipro Implementation Approach

BT and Wipro agreed a three-phase approach to taking the release and deployment services offshore and transforming them. The key principles were standardization of processes and services, establishment of a single catalogue of service, SLA-driven delivery with meaningful KPIs and full transparency of performance, and "cross leveraging of learning" by Wipro leading to continual service improvement — in other words, Wipro would apply best practices and lessons learned from other industries and clients to BT's service delivery.

Although the release and deployment contracts were legally separate, and there were two separate execution teams within Wipro, the supplier treated them as if they were one contract from a delivery point of view in order to ensure a more holistic management of the two contracts.

BT and Wipro created two types of team involved in the release and deployment management processes: "core" teams with responsibility for business-critical activities and "flex" teams with responsibility for less critical activities. The core teams supervise the flex teams and allocate work to these teams.

The transition and subsequent service delivery was divided into three phases.

- **Phase 1 — Transition (May to July 2009).** BT transferred all its release-service introduction and deployment management activities to Wipro. This included demand management, release-service introduction management, component acceptance-into-service, business support and deployment management. This phase included a short (two months) but intensive process of learning and knowledge management by Wipro as it got up to speed with BT and its people.

- **Phase 2 — Business As Usual (July 2009 onwards).** The transferred services were delivered in a "steady state" mode. Wipro and BT streamlined roles and responsibilities and established new organizational structures and processes.

- **Phase 3 — Transformation (July 2009 onwards).** With business as usual established, BT and Wipro identified "quick wins," slightly longer short-term wins, and long-term wins aimed not just at promoting continuous incremental change
but at driving a step-change in the quality and cost of the transferred services. This included ongoing improvements in the service introduction process during the first 12 months of the contract, driving standardization across the transferred processes.

Governance was provided through a monthly governance review, with an executive sponsor from BT, along with fortnightly progress reviews and weekly metric reporting by Wipro to BT.

From the release-management perspective, Wipro's role is to support all levels of release complexity — high, moderate, and low. A thin layer of BT management provides operational governance for releases, while Wipro coordinates with BT's internal teams and external suppliers to deliver the release-service introduction objectives.

From the deployment management perspective, Wipro supports all of BT's infrastructure deployments by coordinating the activities with various BT teams (including the Application Support Group, infrastructure teams, and so on) and external supplies (such as HP, which handles on-the-ground deployment of physical infrastructure). The scope of Wipro's deployment contract includes low and moderate complexity infrastructure deployments.

During the transition phase, Wipro had a two-month "window" to acquire knowledge of the transferred services and of BT's processes, culture, and key people before taking the transferred work fully offshore. During this phase, Wipro had to work closely with BT people spread across multiple lines of business. To speed up the process and minimize risk Wipro and BT differentiated between transition of business-critical work and transition of less critical work.

This project was the first time that BT Operate had used Wipro for significant IT services work. The transition phase went extremely well (see below) and the follow-on phases also went well. Working together for the first time meant that it sometimes took Wipro longer than an experienced onshore-based BT supplier would have taken to figure out how to understand how some parts of BT operate and interact with each other, and therefore adapt itself to the specific behavior of parts of BT. Had the two organizations worked closely together before, this would probably not have been the case.

**Results**

**What did BT Find Easier Than Expected During the Project?**

Every project has elements that were either pleasantly easier or better than expected, or by contrast harder or worse than expected.

In this project, BT was most impressed by Wipro's high level of collaboration, both in terms of the way it managed operational delivery but also in the way it agreed commercial terms. For example, Wipro was happy to suggest tougher KPIs during annual review sessions, and indeed did so unprompted, and the India-based supplier proactively rewrote feedback questions for internal customers to make the questions more probing and thus deliver greater insight and value.
Commercially, too, Wipro was flexible in helping its client to deal with unforeseen budgetary challenges, for example on one occasion agreeing to reduce its billable fees to match in percentage terms its client's reduced budget for a tranche of work, despite being under no contractual obligation to do so. "The level of collaboration in agreeing terms and how performance would be measured, and then the proactivity in working on overcoming challenges, has been much higher than we've usually experienced, and I've been very impressed with that attitude," said Butcher. This flexibility encouraged greater mutual trust and in fact worked both ways: BT was happy on occasion, for example, to adjust the fixed-price fee for a unit of work whose execution had taken more resources than either client or customer had expected.

Although operational and commercial flexibility on the part of India-based vendors has been a common theme in IDC's conversations with end users, it is not the universal experience of all clients of offshore-based services providers, and BT was impressed by Wipro's ability and willingness to flex its support within the constraints of a contract.

Wipro had not previously worked with BT Operate on a major IT project, despite having performed business process outsourcing (BPO) work for other parts of BT. Butcher says that BT was nevertheless surprised by how smoothly the transition went to Wipro, with this transition being significantly easier than BT had expected.

Wipro ensured the smoothness of this transition in part by ensuring that it brought many of its best offshore people onshore to work alongside BT for a period, getting to know the processes, people, and culture of the client. Where on occasions the "fit" between BT and Wipro personnel wasn't right, Wipro acted quickly swap out its people with alternatives. This helped to ensure that the Wipro team serving BT had very low levels of people churn. "The transition to Wipro was significantly easier than expected, Wipro settled in very smoothly and brought some very good offshore people onshore to get up to speed quickly and to get to know our people and business," said Butcher.

BT was also impressed by the way Wipro proactively took knowledge and insights gained from other engagements and applied this when problem solving for BT, and also the way it deployed high-level staff and/or relatively large teams to fix problems quickly and at root cause. "They are good at bringing expertise to bear on the problem. They have been very keen to showcase their wider industry knowledge, and on occasions they got their top people in to help us," added Butcher. "We find that they're willing to take lessons learned from one area and apply them to another."

What did BT Find Harder Than Expected During the Project?

Overall, Wipro was very successful in meeting its client's aims, particularly in significantly reducing the level of cost and quality issues associated with the release management and deployment management processes. Wipro was especially successful in taking costs and problems out of the release management cycle, and although it took cost and quality issues out of the deployment cycle, its progress there — while meeting targets — was less dramatic. Looking forward, BT would like to see an increased focus in future on driving improvements in the deployment cycle.
BT found that the level of challenge or "pushback" from Wipro was lower than it would usually be from an onshore-based vendor or from individual contractors. BT ascribes this in part to the very collaborative attitude of Wipro, and its desire — common to India-based services providers — to please the client and not to quibble with the client. However, for BT, this is "too much of a good thing," and the vendor would prefer to get its requests challenged more robustly and earlier in the process. This issue of relative reluctance by India-based vendors to push back and challenge customers is a theme that often recurs in IDC's conversations with European end users.

BT was pleased to find Wipro willing to go beyond contractual terms in solving problems and willing to be flexible in its delivery and commercial terms, but it did find that Wipro sometimes over-performed in the sense of producing "deliverables" that had been agreed but which were probably no longer needed — for example, running reports that were no longer required, or holding KPI monitoring meetings when all indicators are green and there was therefore little to discuss. Again, for BT this is arguably "too much of a good thing," reflecting Wipro's eagerness to be seen to be delivering all its committed deliverables, and thus to give the client value for money. But as with "pushback," BT would prefer to see a slightly more challenging and critical approach taken by suppliers in future.

**Summary of End Results**

BT judges the project to have been a clear success, and at the time of writing (mid-2011) the company was going through the initial stage of retendering the initial deal. Achievements included:

- By consolidating external suppliers and taking work offshore into "factories" benefitting from economies of scale, BT has cut the delivery costs of the release service introduction and deployment management activities significantly by around 60%. Savings were not simply from labor arbitrage: much of the cost savings came from better management of processes.

- Process quality has improved significantly as a result of the project. The offshored processes have moved from being bespoke to being standardized, bringing savings in cost and improvements in manageability and quality. Wipro has taken the processes under its management assumed from Process Maturity Level 2 to Level 4, while BT now has a more formal go/no-go decision process for releases.

- BT has reduced the number of customer-impacting faults introduced during the service introduction cycle by an estimated 80%–85%. David Butcher, managing director of Service Introduction at BT Operate, estimates that about half of this reduction was achieved as a result of better testing, and around half by better development and deployment practices.

- Cycle deployment times have reduced significantly, with 68% and 69% reduction in cycle times respectively for low-complexity and moderate-complexity deployment projects.

- BT now has stronger governance and greater transparency in its release management and deployment cycle.
Internal stakeholder satisfaction levels have increased, from 3.5/5 at the beginning of the contract to 4.15/5 at current time.

By essentially acting as an extension of the BT organization, albeit one that introduced significant improvements in many elements of the service, Wipro has allowed BT to focus more strongly on its core activities and to deal with its internal and external customers' request faster.

**ESSENTIAL GUIDANCE**

BT's successful experience in taking offshore release management and deployment management of key customer-facing offerings reflects in part the importance of the usual project disciplines, such as establishing a rigorous business case with key goals and measurable objectives, and so on.

Some of the themes that were important in this project include:

- The importance of trust and "cultural fit" between client and outsourcer. BT and Wipro are clearly very different types of organization with very different cultures, but part of the success of this project came from the willingness of both sides to build flexibility into their working relationship, in both operational terms and financial terms. As we saw above, BT was impressed by Wipro's willingness to "go the extra mile" in executing tasks but also in reacting sympathetically to its client's budgetary challenges.

- The transition phase is critical, and better vendors excel at this. Wipro had only a two-month "window of opportunity" in which to get to grips with BT's offerings, people, structures, and processes — and it did so very successfully. Wipro's planning for the offshore transition and the actual execution of that transition were both very strong, and in fact BT was surprised by the smoothness of the transition.

- Planning and preparations before the transition phase are also important, and the client must often change its organization before the transition begins. This is especially true where the work and workflows that are being sent offshore and/or outsourced are to be transformed during and after the transition. BT, for example, had to design new structures and roles to be put in place even before any transition process could begin, since the mix of suppliers was to change radically and the way the work was performed was also to be radically changed.

- Client and supplier should challenge each other constructively. Challenging and "pushing back" to the client are often associated with contracts where relations between client and supplier are poor, and/or when the supplier is taking a legalistic and uncollaborative attitude. Such behavior can indeed be a symptom of poor client/supplier relations, but it is equally true that in trusted relations, such as the BT/Wipro contract, challenges and "pushing back" can play a valuable role in critiquing what needs and doesn't need to be delivered. Similarly, while suppliers should not constantly be trying to wriggle out of their contractual commitments, it can nevertheless be in the client's interest to have the supplier periodically questioning whether certain apparently under-used "deliverables" are in fact worth delivering at all.