



Going Seamless with SIAM

Why you need a platform-based approach for Service Integration and Management

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Abstract

In multi-sourcing environments, up to 40% of additional spend can occur due to sub-optimal or non-existent Service Integration and Management (SIAM). A platform-based approach is essential for effective implementation of SIAM. Managing vendors individually, by tracking each service silo through fragmented governance mechanisms, overlooks service interdependencies and cost optimization opportunities.

Introduction

The CIO of a travel company had just come back from a meeting where his chief architect had presented the progress of a futuristic program they were pursuing. A program that would help their customers access the very latest that technology could offer. However, instead of being excited about it, the CIO was a worried man.

“I long for the older times when things were simpler, one invested in a mainframe or a mid-range, hired a few programmers and got things up and running. One did not have to worry about so many moving parts,” he said, adding: “I am worried whether all the service partners and product vendors will be able to run this together.”

For the CIO, it may not be a single program, but a series of initiatives over time, which has increased the diversity and complexity of the IT portfolio. Diversity of portfolio inevitably leads to an engagement with multiple vendors and service providers. And the CIO has to orchestrate the whole act, making the calls and resolving issues between and among them. The most arduous part for CIOs is the time spent in managing the interdependencies between third-party vendors, service partners and other stakeholders to make sure that the portfolio continues to support and add value to the business.

Moreover, organizations that choose to source from multiple vendors, tend to spend significantly higher amount on these services due to lack of adequate SIAM practices.

Managing Portfolio Diversity via SIAM

SIAM initiatives help address this problem through contractual agreements with a prime vendor, and Operational Level Agreements (OLAs) between the prime vendor and other service partners (right to manage, license management, etc.).

Figure 1 shows a generic model where the service integrator aggregates all service data and reports, has the “right to manage” contracts with individual service providers, and acts as the single point of contact for the client.

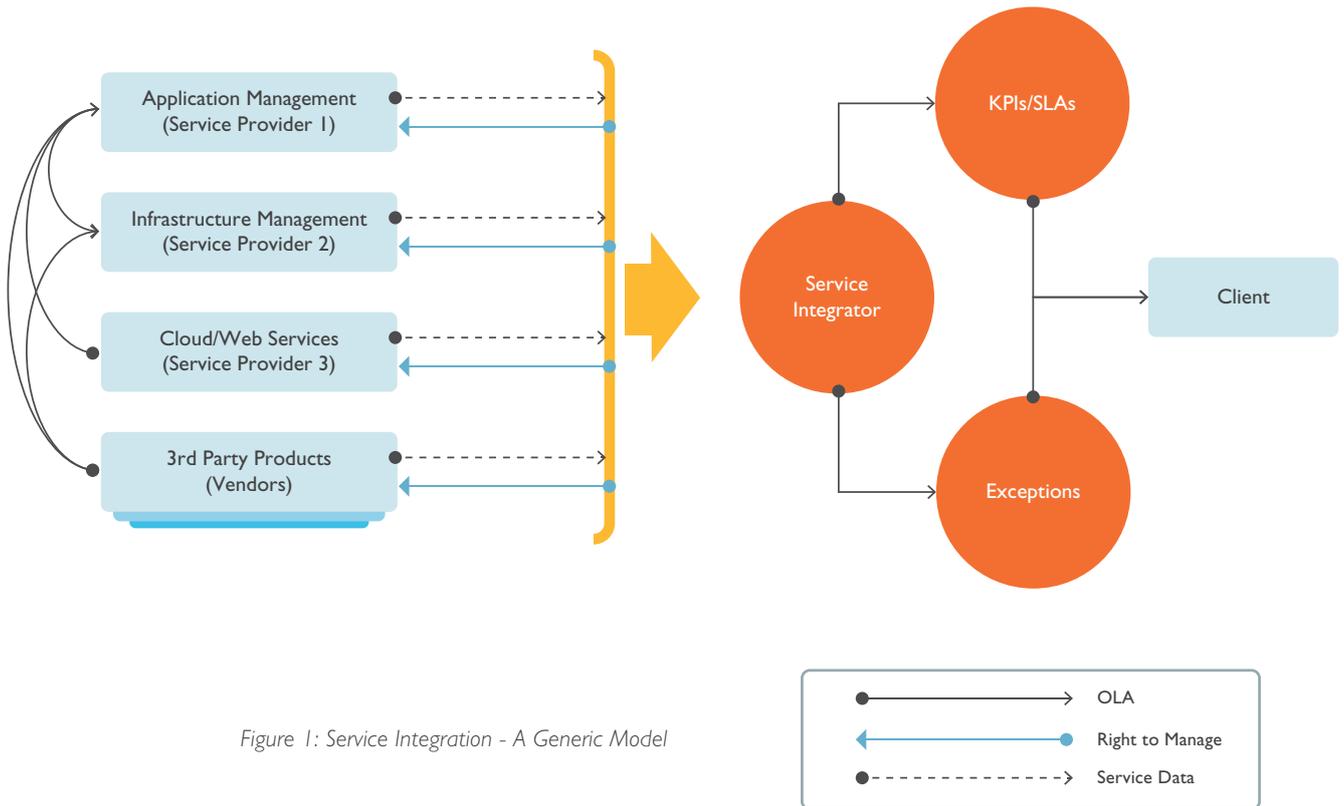


Figure 1: Service Integration - A Generic Model

Most SIAM contracts tend to have broad, aggregate level KPIs to track service performance. For instance, for a telecommunications company, the KPIs are – senior stakeholder satisfaction, overall system availability and other such measures.

As these KPIs are more in the aggregate rather than directly actionable metrics, they don't provide unfiltered visibility into service performance. Also, OLAs between some of the vendors might be transparent to the service integrator. In some cases, non-prime vendors are contractually not bound by these overall KPIs, but rated on

their individual SLAs. This, in turn, inhibits the governance needed to manage increasing portfolio diversity and complexity.

Better contracting practices can mitigate some of the governance-related issues, but cannot aid cross-vendor dependency mapping, tracking and management. That can happen only through a service delivery platform that integrates the workflow and aggregates performance metrics of individual vendors into a business-centric set of metrics.

Perch on the Platform

Business imperatives can influence decisions on sourcing. For instance, retaining the service desk while outsourcing rest of support to different vendors. This creates the need for a platform that can cater to various combinations of service providers. Tying these different services together necessitates that the service platform should be:

- Modular
 - o To protect your existing service management and monitoring, and other tool investments
 - o To interface with diverse tools and utilities that are needed to manage specific parts of the portfolio
 - o To be able to replace specific components (tools/utilities) based on cost, obsolescence and business continuity risks
- Integrated
 - o To provide an end-to-end view of portfolio performance
 - o To make cross-service dependencies self-evident
 - o To provide appropriate actionable metrics at different levels of governance
- Standards Driven
 - o To ensure interoperability between third-party tools and your tools
 - o Incorporate best practices of ITIL V3® and other relevant standards
 - o To ease efforts to build utilities specific to your portfolio

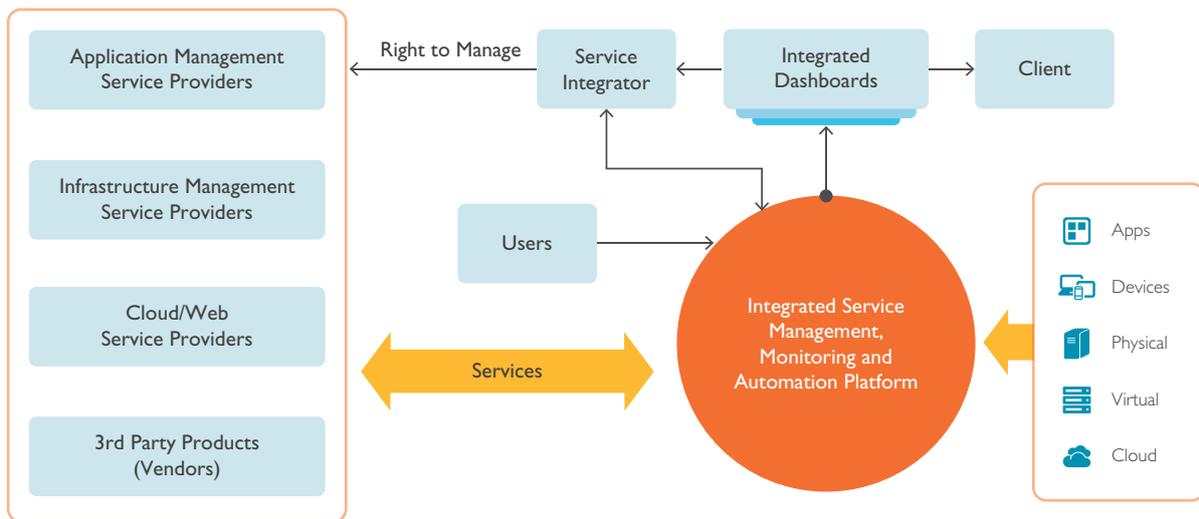


Figure 2: Platform-based Service Integration

Figure 2 shows how different application and infrastructure-related services can be orchestrated using a platform. Platforms exhibiting these characteristics are available and can get you running quickly in your quest for service integration.

Engagement models that are based on results (SLA or BLA and/or service improvement goals) and volumes (tickets, transactions) lend themselves to be considered for SIAM introduction. Time and Material (T&M) (with its variations) or effort-based pricing models are not suited for buying services in an integrated manner. Further, service agreement frameworks and the right to manage contracts, including the

institution of cross-supplier agreements and establishing multilateral governance, become critical for the success of SIAM initiatives.

However, there is a danger in over-configuring the entire framework of agreements and governance, leaving very little room to adjust for eventual changes. To avoid such logjam, the agreements must provide flexibility in incorporating new services and service providers, establish a robust contract change management process and prescribe the rights of new service providers. Service definitions must also include a change management clause (with the ability to adjust fees in a pre-defined manner) to avoid pricing surprises.

The factors that need to be kept in mind for selecting a service integrator (who is another service provider) are:

- Capability in application support and maintenance, and in infrastructure management
- Strong relationships with hardware and third-party software product vendors
- Proven capability to integrate application and infrastructure support
- Providing a platform-based solution that offers a “single pane of glass” view of portfolio performance
- Ability to provide services against Business Level Agreements

Conclusion

A platform that supports vendor processes or tasks individually (e.g. monitoring and event correlation) and integrates it with IT service management processes (e.g. incident management), while deriving meaningful service performance information, becomes essential for implementing a full-fledged SIAM program.

This platform should inherently support and, in some cases, enforce process compliance and provide visibility into service performance.

This should be done at the individual service partner level as well as at a consolidated level, preferably aggregating to a Business Process KPI.

Individual vendor changes become easier as the entrant can be easily/seamlessly onboarded to the service platform, while critical service performance data remains in-house.

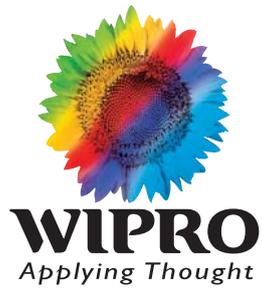
About the Author

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Ramesh has over 25 years of experience and has handled several large ADM engagements for Fortune 500 clients. He works in Wipro as a Principal Consultant and anchors our Application Support and Maintenance Solutions and pre-sales activities. He is currently working on the functional, technical and people aspects of Service Integration. He also helps clients migrate from traditional outsourcing models to newer, outcome-based Managed Services models.

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