

# *Clearing the Fog:*

Visibility through Enterprise Services Management

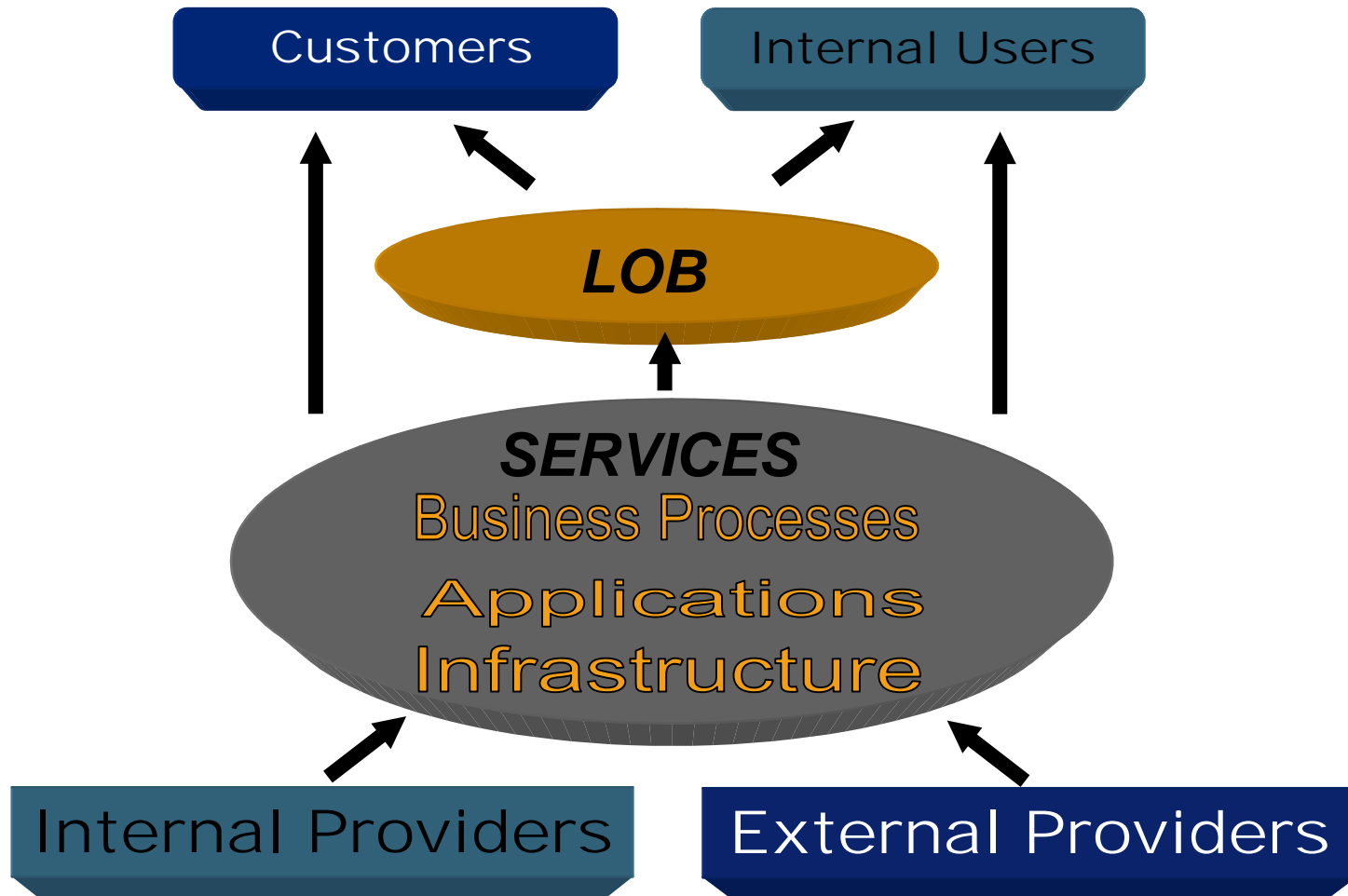
Thursday, March 27, 2003

## Drivers for Outsourcing and Services Management

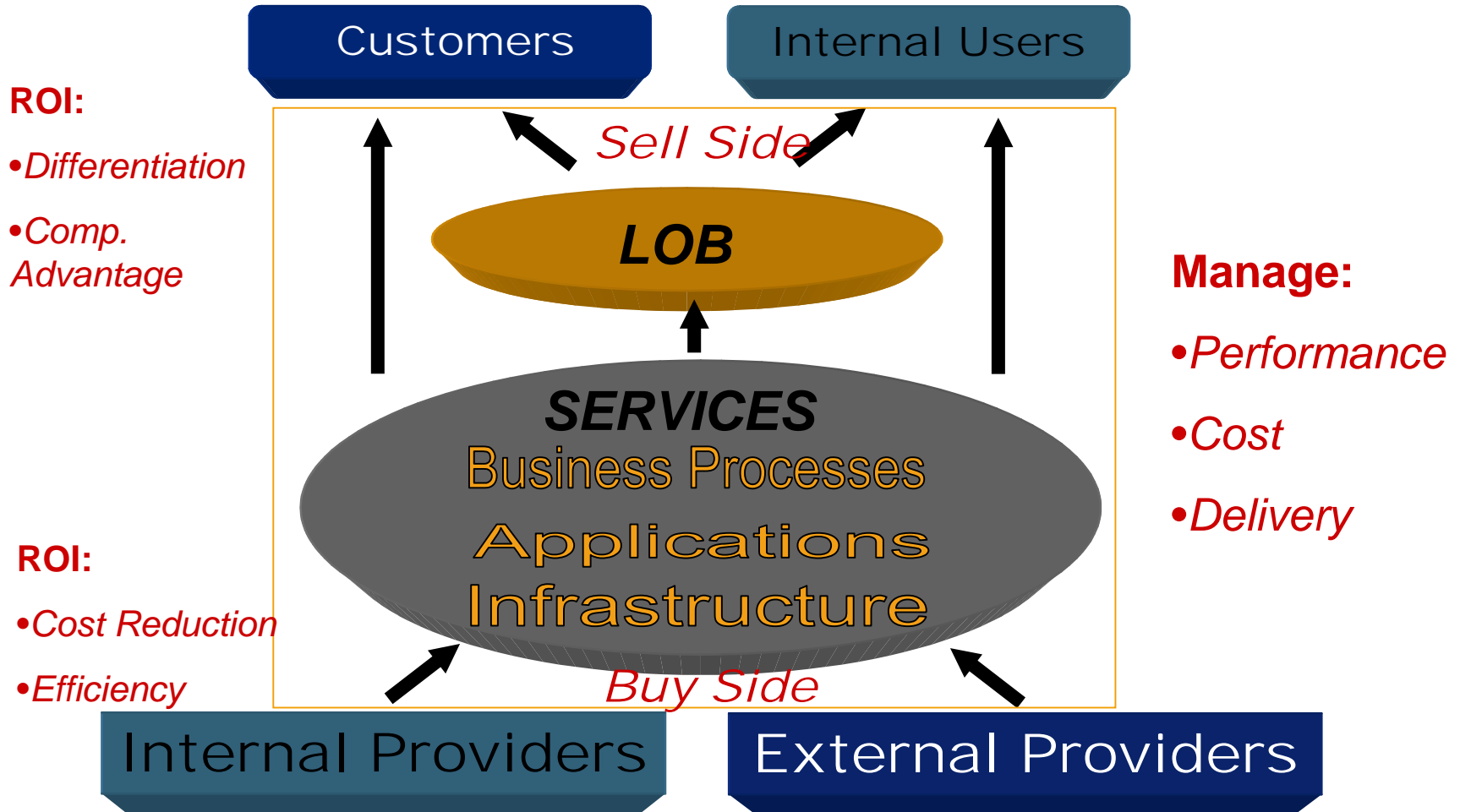
- ■ Focus on Core Business
- ■ Cost Savings
- ■ Access to expertise and skill sets
- ■ Improved SLAs
- ■ Use Best of Breed technology
- ■ Reduce Risk
- ■ Competitive Advantage

(sources: IDC 2003, Digital Fuel )

## The Environment . . .



# The Challenge. . .



## Perspective through numbers

- Global 2000 firms spend over 30% of their procurement budgets on services
- Enterprise spending on IT outsourcing continues to grow at more than 20% per year. Forecasted to be 100B by 2005.
- Various analyst groups (META, Forrester, AMR) have estimated between upwards of 50% inefficiency in the enterprise services management process
- Business Process Outsourcing (BPO) is growing at more than 25% per year and rapidly expanding into new areas such as HR, Procurement, Collections...
- By emulating a service provider environment internal service delivery organizations can reduce delivery costs by 10% to 20 %

(sources: Giga, CAPS, Gartner, AMR, Meta, The Outsourcing Institute )

## 4 Questions for the Enterprise. . .

- Can you manage if you don't measure?
  - ✓ You must measure all variables involved in complex service delivery environments in order to provide quality, robustness, and cost efficiency.
- Do you know what to measure?
  - ✓ SLAs must be based on quantitative objectives
- Are you getting what you paid for?
  - ✓ You will only understand actual cost if you measure all cost components and variables
- Are your customers getting what they paid for?
  - ✓ Provide Dashboard views for reports, analysis, and process status for services environment.
  - ✓ Track and improve operational performance.

## Towards a solution. . .

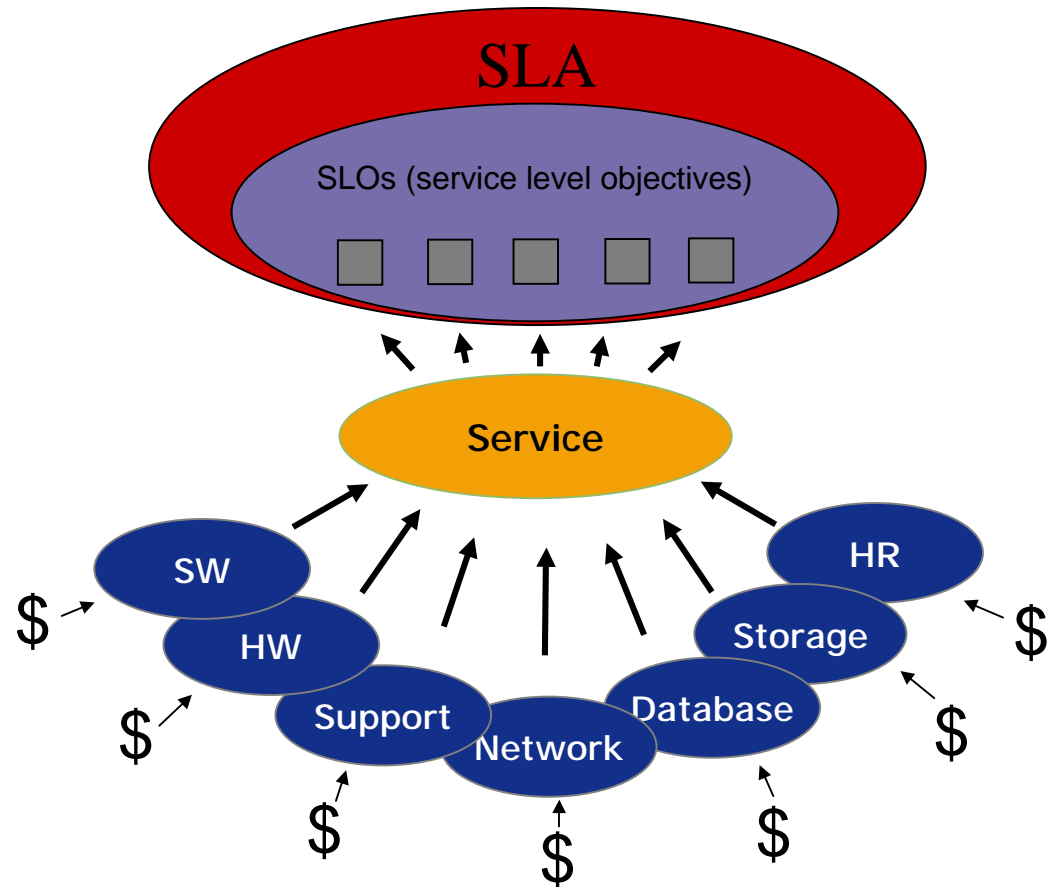
### *Effective 'Intermediary' Strategy:*

- People - commit to expertise in Services Management
  - experience with outsourcing and services offerings
  - complex contract negotiation skills
  - knowledge of metrics and SLAs
  - Project management skills
- Software
  - Services Management: Digital Fuel

## Towards a Solution . . .

### Creating Visibility:

1. Model Service Components
2. Build Quantitative SLA/SLOs
3. Identify Key Metrics
4. Correlate Costs
5. Define KPIs
6. Define Alert/Breach States
7. Define Chargeback models



## Accountability and Honesty

- Business and IT Governance are one
- Treat one another as partners not targets
- ESM is good for providers



*Thank You!*

- **Company**

- Founded June 2000
- HQ in San Mateo, R&D in Israel
- Sales presence in California, NY, Detroit, Dallas, London, Frankfurt

- **Key Customers**

- IBM, GE Aircraft, Bank of America, Sun Microsystems, USI, IP Value, DoubleClick, O2, Accenture, Corio

- **Product**

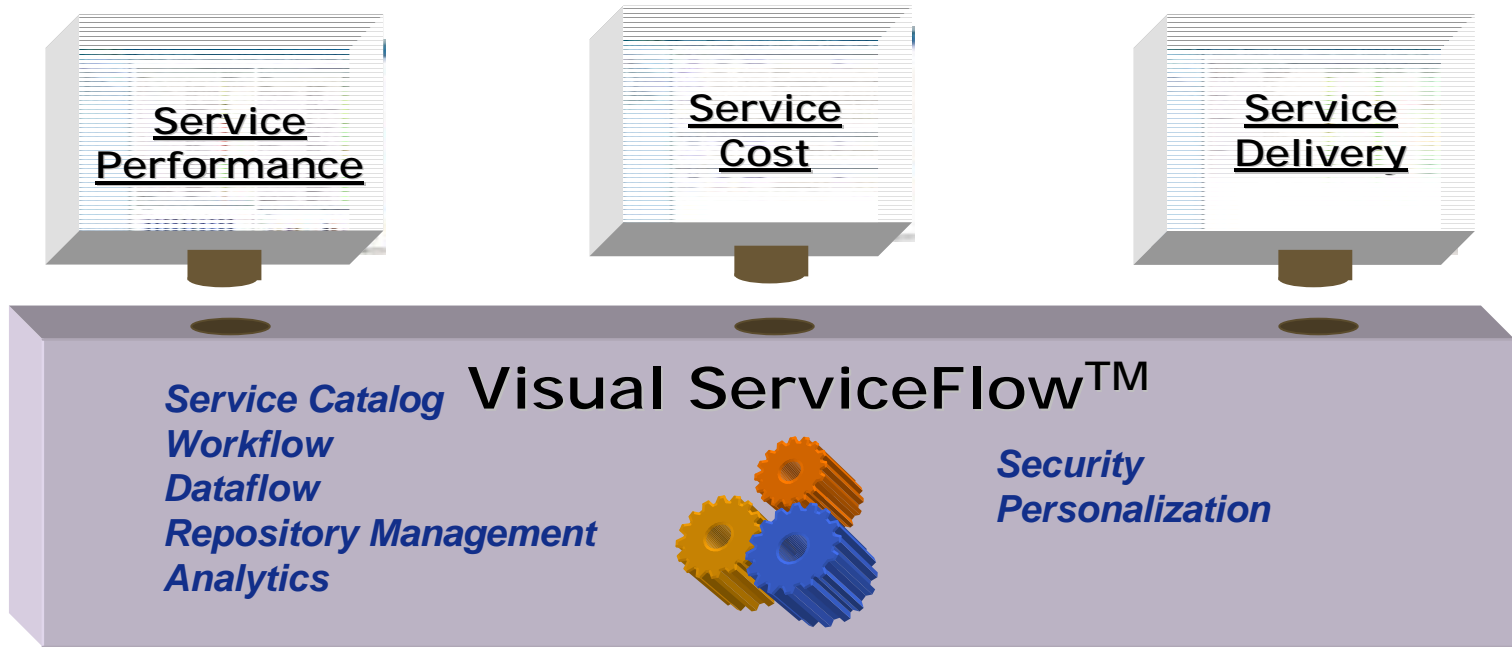
- Suite of 3 modules
- Focused on Global 2000 customers
- Support for both J2EE and MS flavors

- **Key Partners**

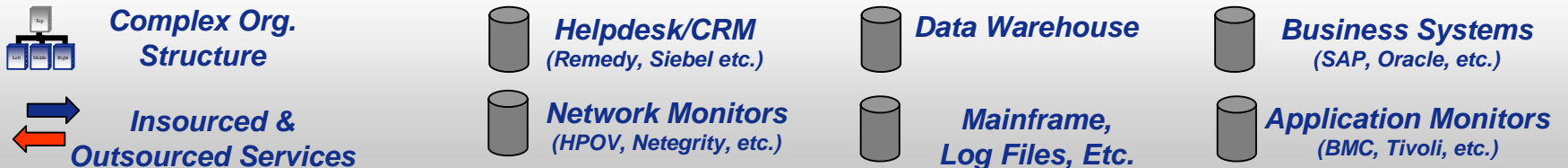
- SAP, CSC, IP Value

# Digital Fuel Solution - ServiceFlow™

## Enterprise Services Management



### Complex Service Environment:



# ROI Value Proposition



## Enterprise Services: On Time, Under Budget, In Control

- ✓ *Using ServiceFlow, enterprises were able to reduce between 8.0 % to 11.0% of their overall annual service budget.*
- **Reduction in Service Management and Risk Exposure of Outsourcing Usage:** 5% - 10% of annual Service Management, Governance and Administration costs equal to 0.25% - 3.0% of overall annual service budget.
- **Reduction in cost of Service Failure:** Reduce the annual cost of Service Failure/ Downtime by 10% - 20% which is equal to 1.4% - 2.0 % of overall annual service budget.
- **Eliminating Service Misuse and inaccurately billed events:** Save 1% - 5% of annual Service Budget



- **Pain:** Automate management of complex (outsourced) service environment
- **Solution:** ServiceFlow measures service delivery efficiency in RT
- **Result:** 5% - 10% reduction in service delivery costs



- **Pain:** Guarantee consistent service levels for telephone banking
- **Solution:** Used ServiceFlow to monitor SLA with service providers
- **Result:** 33% increase in staff productivity



- **Pain:** Need to differentiate and offer enterprise-grade product
- **Solution:** ServiceFlow gives enables them to define and expose Service Level guarantees to enterprise clients
- **Expected Result:** Increased revenue and enterprise market share



- **Pain:** SLA breaches are causing losses due to penalties
- **Solution:** ServiceFlow monitors SLA compliance in Real-Time
- **Result:** Over \$1M saved in SLA penalties

# Customer Qualification



## Digital Fuel - Company Strategy 2003

### Must

- More than 30M\$ annually spent on Services
- Services are mission / business-critical or customer facing (IT, Call Centers, Transactions)
- Distributed service environment

### Helpful

- Complex dependencies in service environment
- Six Sigma, ISO and Regulated environments
- Completed deployment of Monitoring Systems
- Multiple Service Centers
- Using supply chain system

# Summary: Solution's Key Benefits:



## Measure Service Quality

- Build SLAs
- Verify Compliance with SLAs
- Prevent failures in real-time
- Escalation procedures and alert

## Reduce Cost of Service

- Control Costs, Enforce Agreements
- Automate Management and Charge-backs

## Optimize Service Efficiency

- Measure ROI and Cost vs. Quality
- What-if analysis

## ● Improve Service Delivery Execution

- Create service catalogs
- Handle exceptions and changes
- Manage progress' milestones

