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Divide and Conquer to Accelerate Client Transitions

A new approach saves time and money while increasing client satisfaction.

By Brett Norgaard

Long and expensive client transitions that cut into profits and limit scalability are among the biggest problems facing information technology and business process outsourcing service providers. Yet much of what happens during the transition and client onboarding process boils down to a familiar set of standard services common to every organization whose business the service provider wins. By breaking up major tasks and performing them concurrently, clients get services faster and more efficiently while service providers pull revenue forward—a win-win situation for both service providers and their customers.

Why does it take so long?

After the sale, new clients of a service provider frequently complain about the time and cost of transitioning to the new service. Typically, transitions take two-to-six months to complete.[1] Costs to the service provider range from two percent to 15 percent of the total cost of the first year and directly affect the time to profitability of new customers.[2] If the period drags out too long, clients may see little evidence of progress and grow increasingly dissatisfied. Based on this perception, clients may even try to renegotiate or terminate contracts.

The source of the problem stems from the way the outsourcing services industry has evolved. In the early days of outsourcing, service providers took a cookie-cutter approach to their delivery of services. As the industry became more competitive and client-centric, customers increasingly demanded a more customized approach. Inevitably, these new demands increased the length, complexity and cost of onboarding clients and delayed the service provider's time-to-value from the client's perspective.

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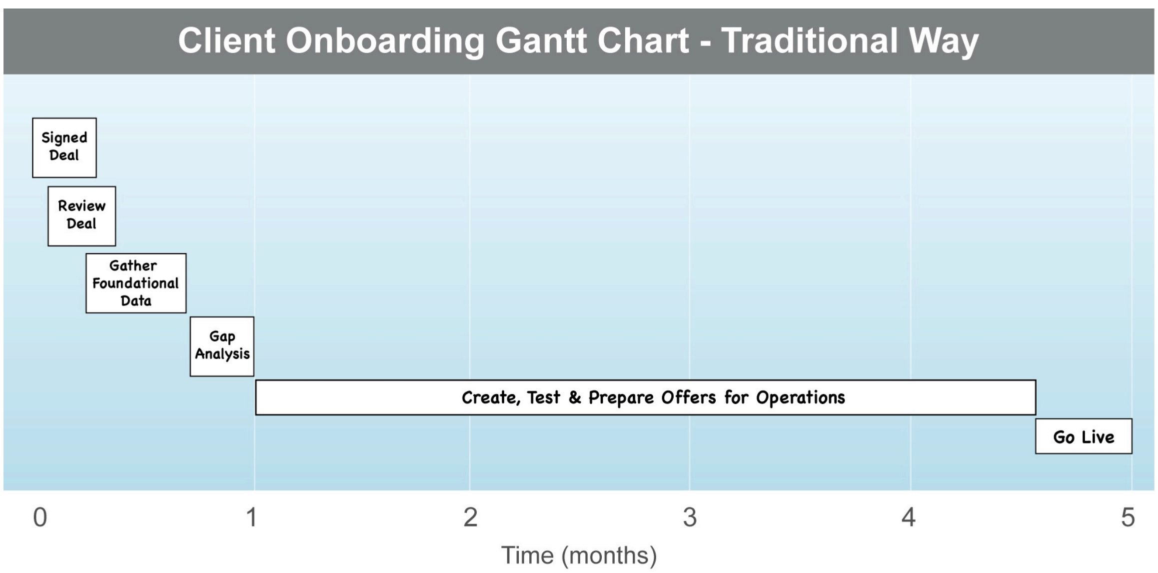
[1] "The Ins and Outs of Vendor Transitions: How to Transition Successfully," Gartner Research, 2010.

[2] Gartner, ibid.

For example, one large service provider is currently trying to transition several hundred clients to a new service delivery platform. To date, a handful of clients have been transitioned to the new platform through a process similar to that outlined in ***Figure 1*** — the traditional approach to transitioning clients to a new service. The figure illustrates the time required to create, validate and test individual service components on a one-off, or custom, basis. This service provider discovered that the process is taking several months and, at that rate, it could take years to successfully transition its entire client base.

There is an opportunity to approach this challenge differently. By developing a standardized and configurable process to activate these services as quickly and efficiently as possible, outsourcers can shave months off the transitioning process, focus on the high-value aspects of a service, and start delivering services to clients in weeks rather than months. This pulls revenue forward and helps service providers get off on the right foot with clients, which is often the most important single aspect of establishing a mutually beneficial outsourcing relationship.

Figure 1:



Standard, optional and custom deliverables are created and tested in one extended period that constitutes the largest part of the transition process. The outsourced service only goes live once all three types of deliverables are tested and validated. Months pass while clients may see little evidence of progress.

Client Onboarding

The deliverables involved in IT outsourced services, for example, fall into three categories:

- **Standard deliverables** such as software and hardware requests; password resets; access requests to systems such as HR, procurement, and facilities; security and firewall change requests; and employee onboarding. In a typical transition, these encompass most of the steps needed to provide clients with the standard level of service support they require to do their jobs—typically about 80 percent of all required services. Your 80 percent will likely be different.
- **Optional deliverables** such as integration to specific internal client application systems like SAP, Oracle and Lawson. These apply to roughly 15 percent of the transition process and are common and therefore predictable. Again, your 15 percent will vary.
- **Custom deliverables** such as integration with internally developed client applications or the development of a completely unique service item. These constitute about five percent of transition efforts.

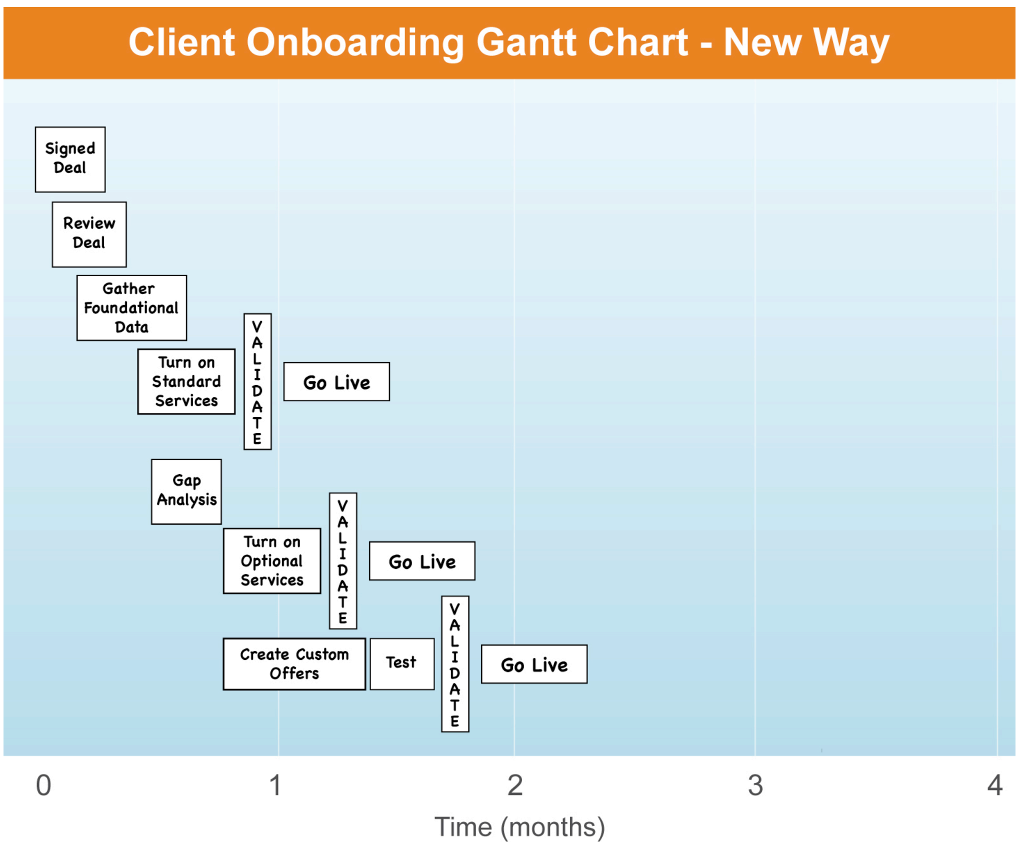
Many service providers don't make such distinctions when approaching client transitions. Instead, when a deal is signed and delivered to the provider's service delivery organization, a long review process begins of the deliverables contained within the contract versus vendor capabilities. This is followed by a period of days to weeks of gathering client foundational data (employee names, hardware assets, IP addresses, etc.). After an additional gap analysis, the actual work begins of creating, validating and testing standard onboarding, optional and custom service components. The entire process can take between four to six months. Eventually, the service goes live in a kind of "big bang" event.

Figure 2 shows an alternative approach. The first three phases of the process are similar, but instead of treating all three types of service components (standard, optional and custom) as equal, standard services—those 80 percent which are essentially the same for all clients—are activated shortly after client foundational data is gathered and then easily validated since they are relatively simple and time-tested services. This isn't technologically difficult with multi-tenant business service management software platforms and configurable forms-based tools that automate provisioning, request fulfillment, scheduling and task assignment, and support desk functions. And the process can be virtually identical for every client.

In this way, the bulk of an outsourced IT infrastructure is available to client employees within a matter of weeks instead of four to six months. Customer revenue is moved forward since services are delivered sooner, and transition costs to the vendor are reduced, making client engagements profitable more quickly.

Just as important is the effect on clients. By delivering standard services faster, clients see time to benefit in weeks instead of months, and the overall transition is far less disruptive to their operations. Since the transition process is typically the chief source of client dissatisfaction (according to Gartner), this new approach can considerably strengthen a service provider's position and dramatically enhance its value proposition.

Figure 2



Transitions are divided into three phases, with work done in parallel for each phase. This approach gets standard services, which constitute most of an outsourced offering, validated and in use quickly, while reducing the time and effort required to deliver optional and custom services. Customers obtain a significant portion of what they want from an outsourced service in weeks rather than months, and customer revenue is moved forward.

Changing your DNA

Adopting such an approach requires service providers to analyze their methodologies and identify ways to standardize, streamline and automate the delivery of standard outsourced services. The benefits of this effort aren't limited to cost and customer satisfaction considerations. In fact, adopting this new approach can change the DNA of service providers by fostering a continuous improvement process not possible with the traditional one-off client onboarding process.

Figure 3 illustrates this process. The majority of clients will have the same easily activated standard service needs. Some clients will need optional services, but the number of optional services that service providers need to provide is finite and consists primarily of adapters to popular ERP, HR, supply chain management, and other software platforms. These can be prepackaged and quickly implemented. The services are reusable, pretested and validated to work in most client environments. Eventually, they can be offered at the service provider's discretion to clients as standard options, which can further reduce the time and cost of the overall transition process for most clients.

The same is true of custom services. Many of these services will involve creating adapters to less common software platforms or internally developed applications. Many of these adapters will be reusable for other clients and can be treated as easily activated optional services as described above. In this way, service providers can continually improve the client transition process and eventually reach the state where virtually all clients are on-boarded with similar standard and reusable optional services.

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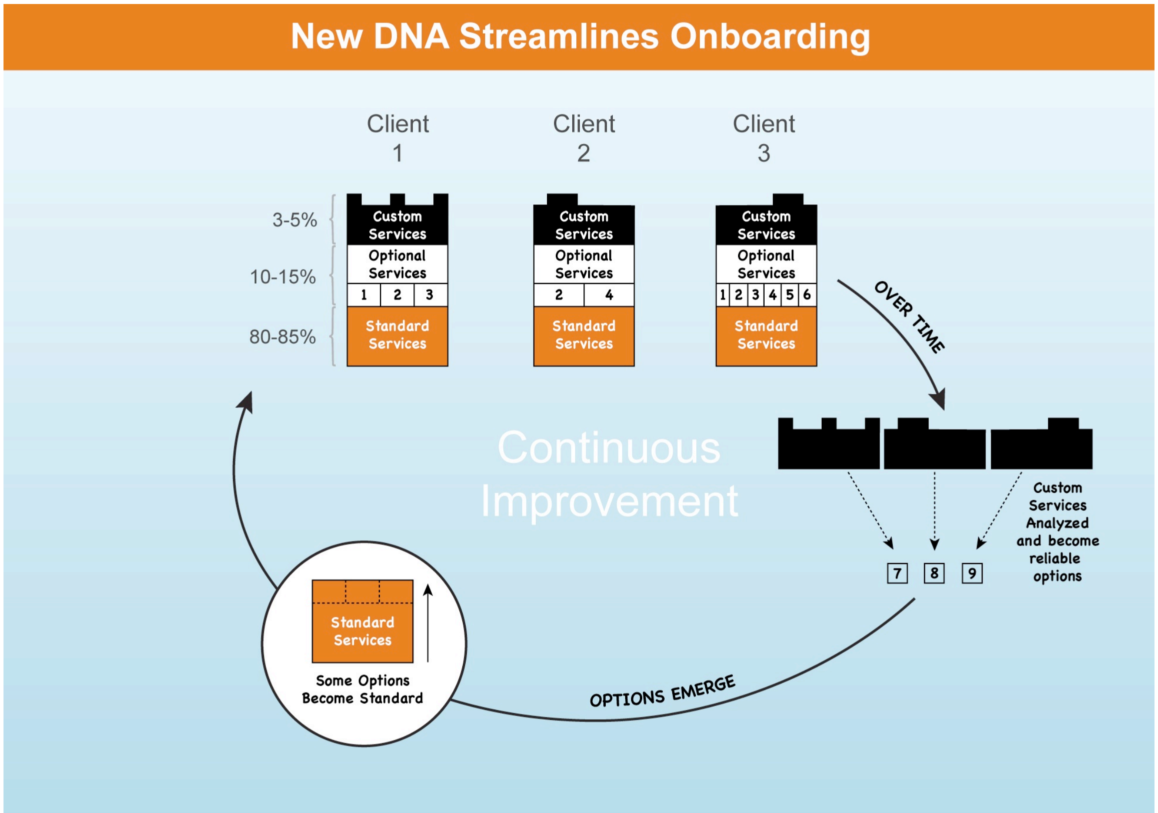
Figure 3



With this approach, vendors continually expand their standard offering with reusable adapters to optional services that can be added over time to the standard offering. Eventually, most clients can be on-boarded with a common set of pretested and validated standard services.

The Kinetic Data Approach

As noted above, adopting this new approach is readily achievable with multi-tenant business service management software platforms and configurable forms-based tools that automate standard services deliverables. This enables service providers to deliver what Gartner terms standardized and configurable offers by business analysts using “consumer-based” industrialized IT solutions.

Service providers can easily achieve this objective with the Kinetic Data Multi-tenant Suite. Standard, optional and customized services can be delivered to any number of services clients in a multi-tenant environment simply by switching features on or off, with no programming required in the underlying service desk or IT management platform.[3]

The Kinetic Data applications most relevant to the service provider client onboarding process are:

Kinetic Request—a service request management application that makes it easy to offer a service catalog as well as capture client foundational data.

Kinetic Task—an advanced automation engine that allows service providers to configure unlimited tasks and approvals to manage simple and complex processes. Once configured, these tasks can integrate with third-party applications.

Kinetic Survey—a process-driven, interactive survey management application that simplifies validation that services are working properly—an essential step toward understanding clients and improving customer satisfaction.

Kinetic Calendar—an actionable web calendar tool that can be configured for any number of clients and can provide individual client views into the transition process as well as set up change calendars.

Kinetic Response—a problem collaboration tool that accelerates and automatically documents the problem-resolution process.

In brief, the Kinetic Data Multi-tenant Suite extends the capabilities of outsourced service provision in three key areas:

- **Through flexible configurability,** with services that can be co-created, are customer-centric and service-level driven, and which can easily be integrated with other enterprise applications and services.
- **Through self-service capabilities,** with services that are transparent and visible to customers, managed and configured via a management console without modifying the underlying IT service support platform, and available to customers 24/7.

[3] For a further discussion of how the Kinetic Multi-tenant Suite fits into the services world, download a free white paper "Innovation and Differentiation for Outsourced Service Providers" at www.kineticdata.com.

- **Through scalability,** by enabling services that are cost-effective and rapidly deployable, require no end-user licenses, and allow outsourcers to respond to customer needs rapidly. As customer requirements change, additional capabilities can be activated and configured without risk.

Mapping It Out

Figure 4 illustrates how the Kinetic Multi-tenant Suite enables service providers to go live faster with standard, optional and customized client services. The figure is a "service blueprint," a technique that maps out all the customer touch points for any particular service and provides a way to visualize a service design that ensures meaningful results when customers and the service interact.[4]

Figure 4 also illustrates how the Kinetic Data Multi-tenant Suite is used to support transitions and client onboarding. Once a contract is signed and onboarding tasks are launched, client data is gathered and loaded into a BMC Remedy® configuration management database (CMDB). The Kinetic Data suite then allows business analysts at managed service providers to configure, validate and activate the standard services that constitute the bulk of most outsourced IT service offerings. The same Kinetic Data tools are used and the same process followed to configure and validate optional services, as well as to validate and test custom services.

[4] See "Innovation and Differentiation for Outsourced Service Providers" at www.kineticdata.com for a more complete discussion of how managed services providers use the technique.

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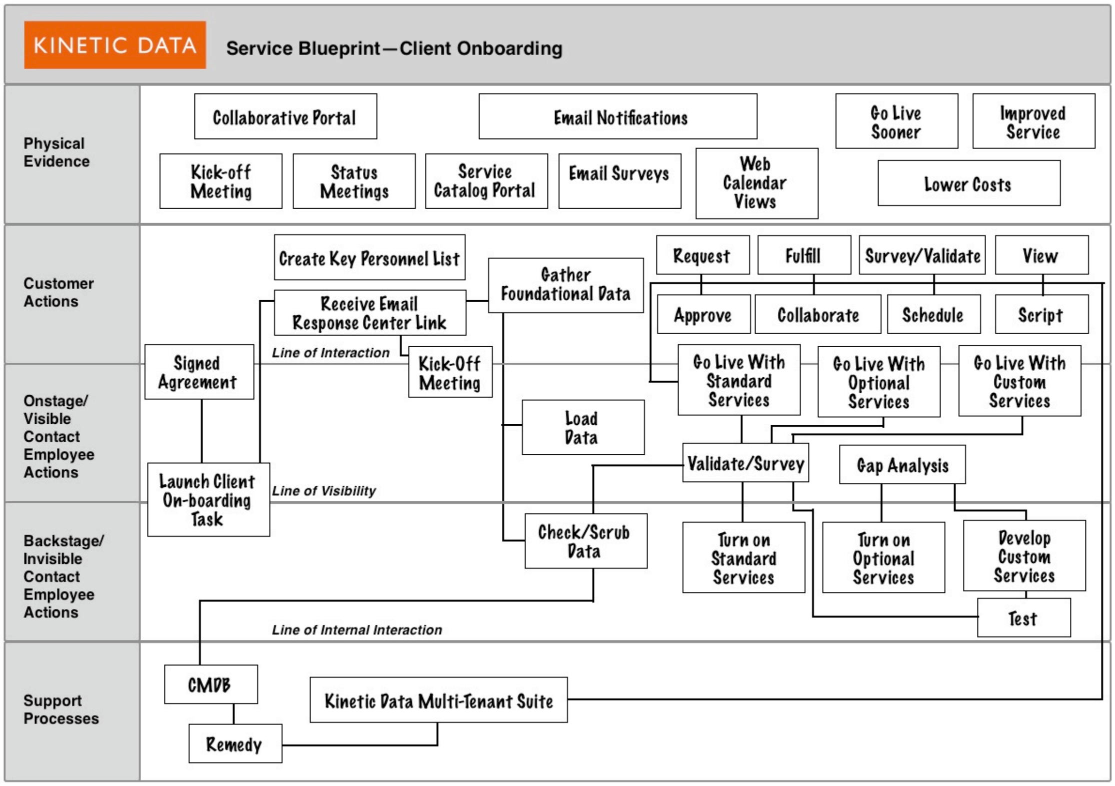
Figure 4



Service blueprints illustrate the physical evidence of the service, the interaction between customer actions and the visible and backstage actions of a service provider, including the service provider's IT support processes.

Conclusion

The innovative approach outlined in this white paper allows service providers to divide transitioning and onboarding tasks into:

- Standardized services that constitute 80 percent of the processes, vary little from client to client and can be implemented quickly;
- Easily configurable and reusable optional services that meet specific client needs; and
- Customized services used only when needed.

By developing a standardized and configurable process to activate these services as quickly and efficiently as possible, outsourcers can shave months off the transitioning process, focus on the high-value aspects of a service, and begin delivering services to clients in weeks instead of months. This pulls revenue forward and helps cement good client relationships.

Moreover, service providers can use this approach to continually improve the client transitioning process and eventually reach the state where virtually all clients can be on-boarded with the same standard and reusable service items.

The technology that enables this approach is the multi-tenant IT service management software platform and configurable forms-based tools that automate provisioning, request fulfillment, scheduling and task assignment, support desk functions, and the capturing of client feedback and performing of remediation in real time. The Kinetic Data Multi-tenant Suite illustrates how this process can work. For more information on the Kinetic Data Multi-tenant Suite go to: *http://www.kineticdata.com/Markets/ServiceProviders.html.*

About the Author

Brett Norgaard directs Kinetic Data's Outsourced Service Provider Initiative. In this role, he developed and is executing on the strategy that enables firms to maximize the business value they receive from their investments in software to create and deliver service innovations for their clients. Prior to joining Kinetic Data, Norgaard worked with dozens of high-technology sales and marketing executives to improve their revenue and market share. He also designed a managed service offering that received market leadership status by Gartner, Inc. Norgaard is also a frequent guest lecturer on service innovation at St. Olaf College and sponsors entrepreneurial student internships as part of the school's Estenson Program.

About Kinetic Data, Inc.

Kinetic Data offers the most extensive portfolio of third-party, "built on BMC Remedy," software applications available. A BMC Remedy Technology Alliance Partner since 1999, Kinetic Data has helped over 200 Fortune 500 and federal government customers—including General Mills, Avon, Intel, 3M, and the U.S. Department of Transportation—implement its award-winning BSM and service request management (SRM) applications aligned with ITIL best practices. The company has earned coveted recognition from the independent BMC Remedy user community—having received the "Best Customer Service and Support" award in 2010, and the "Innovator of the Year" award in 2009. Kinetic Data serves customers from its headquarters in St. Paul, Minn., offices in Sydney, Australia, and through a network of leading BMC Remedy reseller partners. For more information, visit *www.kineticdata.com*.