Challenges in the Global Delivery Model

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What is the Global Delivery Model?

**Managed Systems**

- Servers, networks, monitored business processes, resources provider manages on behalf of clients
- 24x7 basis; provider or customer owned data centers

**Managing Systems/SDCs**

- Tools, systems, processes used to deliver services to clients
- Receives work requests from clients
- Interacts with clients about delivery

**Remote Sites/GDCs**

- Processes workflows from SDC

These three components can be established in different geographies.
Benefits of Global Delivery Model

- Ability to provide round-the-clock services
- Business continuity and resiliency in case of disaster
- Scalability
- Enforces worldwide best practices
- Ability to leverage local skills and cost structure
Outline

What is the global delivery model?
   Outsourcing model
   Service delivery model
   Organization of delivery personnel

How are the contracts structured?

Key challenges

Examples of our approach
Outsourcing (Managed Systems) Model

Outsourcing Provider Owned
Can host multiple client infrastructure
Easier to scale
More economical and better operational efficiency can be achieved

Customer Owned
Customer Benefits: maintain legacy systems, security is in-house
Service Provider:
  Increased complexity
  Potential higher cost of delivery
  Integration challenges
Service Provider Delivery Models

**Service Delivery organized by Service Towers (UNIX, SAP,…)**

- Gain specialized skills in each service tower
- Delivery teams are specialized in 1-2 skills
- Services are coordinated across multiple service towers
- Clients purchase service components from providers

**Service Delivery organized by Industry Sector (Banking, Retail,…)**

- All of a customer’s needs are handled by a single service delivery team
- Customers in the same industry sector often have similar needs
- Providers can develop specialized solutions by industry sector
- Delivery teams are cross-trained in multiple skills
Organization of Delivery Personnel

What is each site used for?

Onsite
- Deskside support
- System architecture, design & consultation
- Project Management

Offsite
- Application development
- System support
- Call center and help desk operations

Offshore
- Backend operations
- Most of offsite operations
Customer Contracts

Components of Contract

- Description of Service line
- Length of contract
- Cost
- Personnel location
- Customer owned versus provider owned
- Cost savings target
  - Sometimes paid upfront
- SLA agreement
  - penalty per violation
  - $x\%$ of tickets over a given period must be solved within the SLA
Challenges

- Global delivery environment: offshore-onshore delivery model
  - *local regulatory environment, cultural differences, time zone differences*
- Integration of resources to provide single (unified) service
- Tight margins and high SLA penalties
- Non-standardized contracts
- Lack of industry-wide standardization
  - *Processes, materials, configurations*
- Lack of automation, high variability in tools, service times, non-standardized workflow management
Approach

Take methods that have traditionally been applied in a manufacturing setting and transfer them to this service delivery setting

- Metrics to measure performance of delivery system
- Statistical process control
- Skills requirement (workforce) planning
- Account health management
- Correlation of financial and operational metrics
- Skills-based routing
1. Metrics to measure performance of delivery system

Metrics to measure process performance:
- Manufacturing: yield, scrap
- Service delivery: # of tickets closed, mean service response time

Standardized metrics allow for:
- Cross comparison across different IT infrastructure
- Benchmarking
- Identify areas for improvement
- Means to measure impact of process improvement initiatives

Metric measurement before/after process improvement

Identify nonrandom patterns
2. Statistical process control

Developed by Shewhart and popularized by Deming (1920s)
Long used in manufacturing to ensure acceptable system variation

Monitor process performance according to the standardized metrics
Determine if “Voice of Process” is aligned with “Voice of Customer”
Insight into process capability provides guidance in contracting phase

With this example, the process is not physically capable of consistently meeting the customer’s needs.
3. Skills Requirement Planning

Problem:
Lack a complete and reliable understanding of the resources (skills) needed for different tasks.

Result:
• Inappropriate resources being assigned to projects
• Added cost for incremental capacity
• Poor account performance/lost revenue

Resulting effort:
• Analyze utilization data by requirement
3. Skills Requirement Planning: Identify Activities Requiring High-Band Skills

Task A mostly used Band 2-4 skills, where as Task C required higher Band skills
Key Take-aways

Outsourcing is a challenging business

Global delivery model exacerbates the problem

We are applying lessons learned from the manufacturing environment to improve performance in our service delivery business