Case Study: Transformation of an IT Organization through ITIL and Organizational Change Management Techniques

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Agenda

- About the Company
- 2008: IT Organization & Application landscape & Support Structure
- Business Objectives & IT Challenges
- The Solution Design
- Organizational Change Management & Transition Management
- Integrated Service Delivery
- Current IT Organization and Application Landscape
- Summary of Value delivered by ITIL based framework
The Company - Introduction

- Formed in 2004 after merger of two Crop Nutrient businesses
- World Leader in production of Potash and Phosphate crop nutrients
- Largest producer of finished Phosphate products, second largest producer of Potash
- Operate 16 phosphate rock mines and plants, five potash production facilities
- Operations & Distribution facilities in 10 countries which serve customers in 40 countries
- Continues to acquire companies and divest operations in various geographies
- 2009 Revenues @ US$ 10.29 Billion
- 7500+ Employees in 10 countries
2008: IT Organization & Application Landscape

- North American IT structured by Application, Infrastructure and Regional IT organizations
- North American SAP ECC instance as corporate backbone with 2000 users
- Maximo as the MRO backbone with 3000 users
- Several custom applications in US and
- Regional instances of JDE for country specific ERP instances hosted at Cargill
- PeopleSoft instance for Global HR
- More than 3500 English speaking IT users in US, Canada, India & Australia
- About 250 Spanish speaking IT users in Argentina, Mexico & Chile
- About 1000 Portuguese speaking IT users in Brazil
- About 200 users in China & 50 users in Thailand
2008: IT Support Delivery

- Five separate Help Desks based on region and language
- Mixed activities – same resources perform both production support and projects;
- Teams operate in “silos”; People are not leveraged in the right places on the right tasks
- Inconsistent/non existent service levels among the support organizations
- Lack of standard procedures and service policies
- Scarcity of SMEs for strategic initiatives
- Approx 4500 calls per month
Business Objectives & Challenges

1. Disparate Business Processes & IT systems across North America, Latin America, & Asia Pacific
2. Need for a single transactional processing system for core processes
3. Compliance with regulatory mandates (SOX) and establish effective risk management
4. Eliminate information redundancy (spreadsheets) and create single source of the truth
5. Drive business process improvement - Global process template for managing Potash & Phosphate business
6. Enable effective decision making process - Deliver Business Intelligence and SCM Optimization solutions
7. Create an IT landscape and IT organization to support global businesses & need to acquire or divest
IT Challenges

1. Different business models in North America, Latin America, & Asia Pacific
2. Diverse application portfolio
3. Complexity of multiple vendors
4. Heavy reliance on consultants to execute on projects and support
5. Inefficient, inconsistent and non-scalable service delivery
6. IT process & tools standardization
7. Sub-optimal Cost Structure
Solution Design Principles for IT Transformation

### Strategic IT Focus
- Free IT personnel to focus on initiatives causing a business impact
- Outsource non core IT Services
- Vendor Consolidation

### AMS Cost Transformation
- Cost effective, dedicated AMS support service (SAP, Bolt-ons and 3rd Party applications)
- Transparent view of Cost Drivers
- Long and short-term cost reduction with variable cost structure

### Business Agility
- Business responsive IT capabilities
- Simplified and improved business processes
- Responsive IT Organization aligned to business needs

### Service Improvements
- Platform for 24X7 coverage
- Improved AMS processes / tools based on ITIL standards
- Integrated Services (Level I, Level II, Level III)
- Drive towards First Call Resolution

Create an operational model capable of handling business growth, improving productivity, and enhancing quality and efficiency of service delivery
The Path Forward

1. Organizational Change Management
2. Process Standardization & Integrated Service Delivery
3. Transformation

- Global Single Instance SAP platform
- Global One IT Organization
- Focus on Business Value Management

- ITIL Process Audit & Framework
- Transition Management
- Integrated Service Delivery

Context & Business Impact of Change
The Transition Roadmap for Integrated Service Delivery

- Given the background of the ‘evolution’ of the IT organization, the Needs assessment and Discovery sessions were key to the solution design
- Organizational Change Management design took up more time than expected
- Given the geographic spread and multi-release cycle, automation of testing was added to the mix
- The Global Roll Out of SAP was staggered and moved out so that the AMS platform could be established first
Change Management Methodology interwoven to Transition

1. Due Diligence
2. Pre-Transition
3. Transition
4. Stabilization (Baseline SLR)
5. Steady State

- Paradigm shift
- Power Lead
- Inspire on all fronts
- Retain & redeploy
- Enhance capability
- Build Inter-relationship & performance
- Environment alignment
- Knowledge management
- Communication
- Monitoring Effectiveness

Sustaining change
Change management structure & key activities

**Key Activities**
- Context Analysis
- Stakeholder Analysis
- Change Readiness Surveys (I & II)
- Business Impact Analysis Workshops
- Leadership Engagement workshops
- Training Strategy Workshops
- Communication Strategy workshop
- Training & Communication Effectiveness Reviews
Use of SAP Solution Manager-based transition roadmap

- Tools and Accelerators built into the roadmap
- Reusability to for other business events - Rollouts, Divestitures, Consolidation
- Transparency in service delivery
- Leverage SAP investment - extend the use of Solman

✔ Cost Savings  ✔ Reusability  ✔ Knowledge Management  ✔ Risk Management
Scope of Integrated Services

Services Included and in-scope:
- A 24 x 7 Voice based Help Desk for all IT Services
- Voice enabled Help Desk in English, Spanish, Portuguese, Mandarin & Thai
- Break-Fixes and Minor Enhancements
- Availability, Batch & Job Management
- Mandatory Service Pack Upgrades
- Remediation & Compensatory Controls for Statutory compliance
- Process Documentation
- Application & Database Administration
- Application & Data Security
- Server Administration
- Backup and Recovery
- Continuity planning & management

Services Out of Scope in Phase I:
- Level 2 & Level 3 Support for Desktop, Servers and Networks
- Level 2 & Level 3 Support for custom applications in Argentina, Chile & China
The Integrated Service delivers

- Reduced Turnaround time (our observation – by 30%)
- Single Window – Offers ‘Ease To Dealing’ for users
- Increased First Call Resolution – Customer Satisfaction

Cost Optimization

- Reduced cost due to maximised call resolutions at L1
- Variable Cost Model based on volume of incidents, problems and Change Requests
- Reduced Level 2 problem tickets by 30%

IT Transformation

- Global SAP instance, Integrated Global Support & Maintenance platform
- Aligning IT & Business – Realigned Global IT organization
- In-house IT Organization focused on Business initiatives
Trends and SLAs

Work Volume
- Approx 50,000+ incidents to the Service Desk
- 31,000+ e-mail based requests
- Approx 200+ monthly problems passed on to Level 2

Performance Parameters
- Onsite : Offshore work volume ratio – 30:70
- L1 : L2 : L3 – 35 : 45 : 30
- 97% of Calls answered in 30 seconds
- 100% of Change Requests addressed
- 100% of enhancements addressed

SLA Improvements
- Service Desk available 100% of the time
- First Call Resolution at 35%
- Average talk time at 6 minutes
- 95% of Severity 2 & 3 problems resolved on time
- Average Customer Satisfaction at 4.3/5

Cost Reduction
- Over 30% in IT support services
- Around 18% reduction in IT procurement

TAT includes vendor response time, user scheduling time etc
2010: Global IT Organization & progress towards global Application Landscape

- Global IT Structure aligned to Business & Function
- Global SAP ECC instance as single version of truth
- Maximo as the MRO backbone with 3000 users
- Portfolio rationalization of applications in progress
Q & A

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Additional Slides
SLA Summary

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<th>Apr 09 to Apr 10</th>
<th>Ticket Volume</th>
<th>Call Answered Volume</th>
<th>Email Volume</th>
<th>Abandon %</th>
<th>% of Calls Answered in 30 secs</th>
<th>% of Calls Answered in Max. Time</th>
<th>% of FCR</th>
<th>Avg. Talk Time (in Mins)</th>
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Observation:

- All SLAs met for year April 2009-April 2010.
- Less than 1% overall abandonment for year 2009-10.
- Service Desk Availability was 100% for year 2009-10.
- FCR for year 2009-10 at 35%.
- 62% of total volume reported through Email.
Service Desk Volumes Trend

Ticket Volume

Calls Answered Volume
Integrated service delivery (L1, L2, L3) to improve skill-mix optimization and cycle-time reduction.

- Reduced L2, L3 Escalation
- L3 Enhancement & Evolution 20% of Call Volume
- L2 Application/Infrastructure Support 25% of Call Volume
- L1 Global Service Desk 55% of Call Volume

Optimized Skills Mix
- Reduced Incidence Volumes
- Increased Service Desk Productivity
- Improved FCR
- Reduced Turnaround Time

Costs
- SAP-aware service desk, and business-focused service levels drives optimization

Cost Savings
End-user Satisfaction
Speed

Cost Savings
End-user Satisfaction
Speed
IT strategy

Spend Optimization
- Flexible resourcing
- Application Consolidation
- Vendor Consolidation

How to Spend?
- Business ownership of IT spend
- Allocation of funds to drive business strategy

Where to spend?
- Business Process Improvements
- Productivity improvements
- Compliance initiatives

Service Delivery Transformation
- Improve IT processes & tools
- Focus on improving skills
- Access to expert skills focusing services