



Services — A Vital Tool For Accelerating Enterprise Responsiveness

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Management Summary

Technology offers the enterprise many ways to improve its resiliency, efficiency, and responsiveness. PDAs, self-service opportunities, GPS, and RFID offer the ability to accelerate and better track workflows, curbing impatience and churn. Web Services, information integration and collaboration, together with tracking and feedback analysis, offer a way to move projects forward more quickly, and a way to sharply reduce the time spent on supply and distribution issues. Information technology is at a point where enterprises can take a larger, less departmentally enumerative look at what they do and see synergies that could be very beneficial. **But what technology enables, existing technology infrastructure inhibits.** Technology does not – yet – repurpose itself easily. Evolving IT infrastructure involves a lot of exacting tasks, and often there is neither time nor people to dedicate to the effort. Part-time approaches can drag on interminably. For enterprises with reduced staffs and inadequate budgets, the use of external services can be a way to get to a desired state expeditiously, without doing it all yourself, or permanently hiring expertise.

Services have traditionally been seen as a conspicuous opportunity to waste money. Metrics on service engagements are limited. The expertise of well-qualified people can be outmoded. The quality of a service depends on the availability of a broad network of expertise that can be evoked as needed but only as needed. Having too many people involved risks inefficiency and high costs. Having too few people involved risks lack of needed expertise and inadequacy of result. Satisfaction is a subjective thing, depending often on the nature of unvoiced expectations and limiting factors unarticulated up front. As with any process over time, there is a tendency to change expectations over the length of the engagement, and an unwillingness to pay for that change. Taken as an amorphous whole, there are plenty of reasons to avoid external services.

Taken more individually, and considered as tools, services may be just what today's constrained enterprise needs. There is the there-if-you-need-it expertise provided by *support services*. There is the limited-engagement of migration and other *technology services*. There is the semi and permanent off-load of *managed services and outsourcing*. Then, there is the larger focus of *consulting*. Each of these kinds of services can accelerate the evolution of your enterprise to a more responsive state. **The key to effective use of all of these kinds of services is to use them as tools, not as ways to avoid hard thinking about what you are doing.** You are not knocking off items on a shopping list, you are leveraging the opportunities offered by the outside world to make your enterprise greater. For more on using services effectively, read on.

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The Predicament

Technology offers the enterprise the promise of vastly increased productivity and enterprise effectiveness. **With this promise comes the predicament of the difficulty of repurposing existing assets. This difficulty springs from technology's rich heritage of proprietary diversity and from that heritage's consequence of rapid innovation, which was, and is, in other contexts, a good thing, if inconvenient.** This predicament is gradually being mitigated by open standards and standardized management procedures, but for now, both the interoperability and the metrics to enable flexible, responsive automated processes are inadequate.

With increased system reliability and the proliferation of management products that automate the provisioning, de-provisioning and management of the physical IT infrastructure, now is the time to start to retool for a more agile use of infrastructure. And, for now, one efficient way is to use the invokable expertise of others.

Services as Tools

The basic rationale for using services is to mitigate the risk of wasting time or money by the rigors of a service contract. In addition, the use of people with closely-targeted expertise should allow the invoked service to be less expensive, and perhaps more effective, than doing the same thing in-house. Fines for non-performance can be made part of the contract, a recourse not often available within an organization.

Support Services

The most familiar, least threatening service to many of us is the support services also known as *break/fix*, which, along with deployment services, may come for a limited time as part of a purchase. Even such services show the basic utility of the service approach. In *break/fix* support, you want the problem addressed by someone who sees these situations more frequently than you would ever want. Service contracts on specific pieces of technology have given this support. In the past, such services were often provided by vendor and limited by brand. With the advent of server and storage consolidation and tightly integrated solutions, support for *break/fix* across heterogeneous assets has become

fashionable, which is a welcome development.

Break-fix support services are insurance. You hope you don't need them. They are a safety net. **They are also a tool that compensates for the expertise that the enterprise cannot support but occasionally needs.** The following services are more accelerative in nature.

Technology Services

Business process evolution, long the mainstay of competitive advantage, is no longer about a killer app, installed on a discreet system and tested extensively. It is more often about modification of existing systems to add capabilities like self-service, and integration of data to link processes together. These are not simple changes. **Technology services can give an enterprise the expertise and man-hour capacity on demand to assure that transitional processes go well and on schedule.**

It is important to assess enterprise priorities and parameters, such as legacy assets (devices or data), that must be incorporated. Decide whether you need industry-specific¹ and/or process-specific expertise.

The typical engagement runs from 2 or 3 days to six to eight weeks. The focus is on the technology and use of technology. The benefit of technology services is not just the access to expertise, but also the additional perspective that outside experts bring. **Technical Services is a tool to give temporary capability to the enterprise**

Outsourcing and Managed Services

It might be said that civilization started when someone told someone else to do something for them. Specialization allows the development of advanced skills, and doing the same thing repeatedly allows applies these skills efficiently, allowing either more money to be made or the service to be provided at a lower cost. IT outsourcing has been around for decades. It can be used to remove the risk of runaway spending with a negotiated cost, or to remove the burden of performance (and hiring and firing), or to enforce performance through a contract. **Outsourcing is a tool to extend the capability of the enterprise while constraining the enterprise domain.** Any

¹ Industries do share common IT pain points, no matter how unique their IT implementations.

stable process with clear metrics of performance and quality can be outsourced, and unless the process brings joy or revenue, some form of delegation should be considered.

When control is an issue, partial delegation, often called managed services, may be more appropriate. **With managed services, the enterprise CIO still owns and controls the architecture and its physical evolution, while the management of the environment is under contract.** It is like using a landscape crew rather than a landscape architect – but, as in landscaping, the line is a blurry one, and degrees of control and autonomy may be negotiated. Consider carefully the difference between ownership and control, and what it is that you want to control. Remember that this will change over time, for both outsourcing and managed services are ongoing relationships.²

Ongoing relationships, like power tools, are unforgiving of slovenly actions. As outsourcers must be disciplined about what kinds of service they will provide, so the consumer of ongoing services must be disciplined about what services they contract for, and about setting thresholds for when a contract should be modified, extended, renegotiated, or terminated. Both sides must have an exit strategy.

Consulting Services

With the best of intentions, a lot can still go wrong in service engagements. If you are accelerating processes, you need to be careful and specific about what you ask for, just as you need adequate visibility when you are on a highway going 65 mph or perhaps a bit more. **Consulting Services can assess the situation, lay out alternatives that the busy enterprise may not have thought of, and set out well delimited plans of action reduce this risk, contracting it to a party whose primary goal will be the success of the project.** Often fees can be negotiated based on the success of the project or the money saved by its implementation.

Here, the enterprise is buying a solution for the problem of focus. Enterprises are, by their nature, closely focused on survival and

on the immediate problems at hand. There is a need to assess the long-term ramifications of immediate decisions particularly in terms of the use of technology with which the business planners may not be familiar. You need a telescope – but one that does not narrow the view or point in the direction other than the one the enterprise is focused on, as overly-prescriptive services can. **Consulting services are a tool to compensate for all that the enterprise does not have the time, or the focus, to learn.**

Service engagements use many tools, such as best practices, reference architectures, and other forms of transferable intellectual property as well as standardization, integration and modeling techniques. One of the strongest tools of an external service is the discipline of assessing and quantifying needs and priorities that it imposes across the enterprise buying the service.

Conclusion

The service paradigm is pervasive in business. Business processes are, essentially, service chains. Enterprise business units use a service paradigm to collaborate. The supply chain, which used to seem a straightforward procurement situation, now has attributes of response, payment flexibility and granularity, which give each transaction service-like characteristics. **It is time to stop thinking of external services as alien invasions and realize that their use is a natural enterprise development strategy.** If there are common and well understood interfaces (contract terms and well-defined deliverables), as with IT open standards effective interoperability is promoted. Service requirements can then be designed to give the enterprise, big or small, exactly what they want, when and how they want it. **External services can be the tools that allow the enterprise to become what it needs to be in a reasonable time frame at a predictable price.**

Think about it.



² For more on sourcing options, see **The Clipper Group Explorer** entitled *Enterprise Change Requires Rethinking About How to Get IT* dated September 12, 2003, at <http://www.clipper.com/research/TCG2003045.pdf>.

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