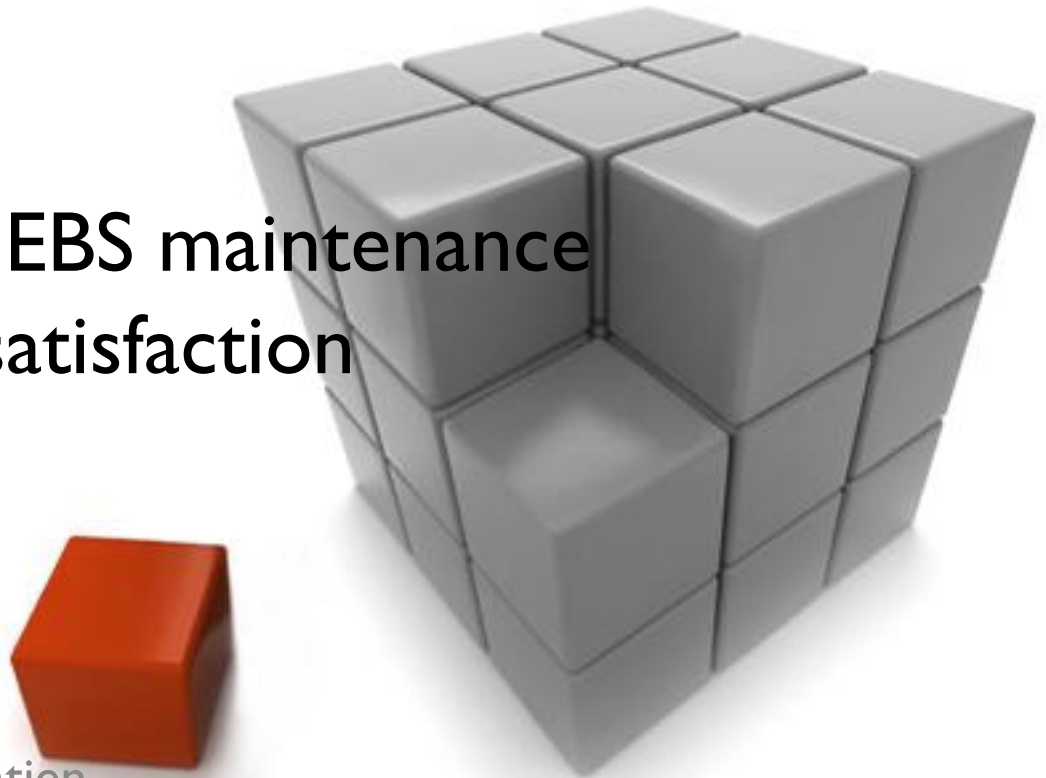




How to decrease operational cost of EBS maintenance and improve user's satisfaction

Ivanka Zadro, IN2

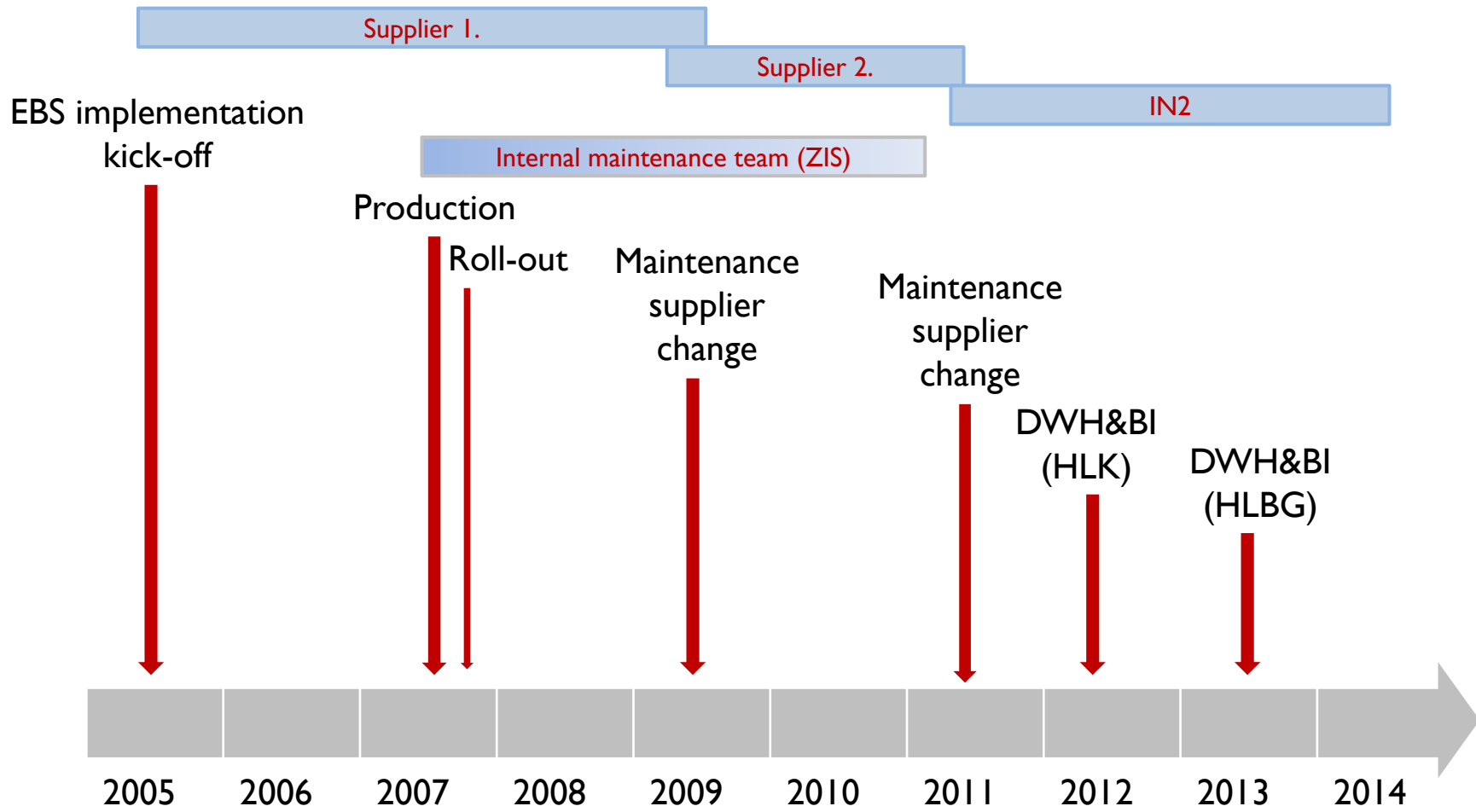
Ivica Ljubičić, Hypo Leasing Kroatien



Introduction

- ❑ Cost of ERP maintenance vs. implementation cost?
- ❑ Internal team for maintenance or outsourcing?
- ❑ What can influence quality and cost of maintenance?
 - *Procedures (ITOM), people knowledge and experience, SLA, tools*
- ❑ How to measure maintenance service quality?
 - *KPIs, number of escalations, flexibility, strategic advises*
- ❑ Are you satisfied with maintenance service?
 - *What could be better?*

Hypo Group Alpe Adria Leasing Case

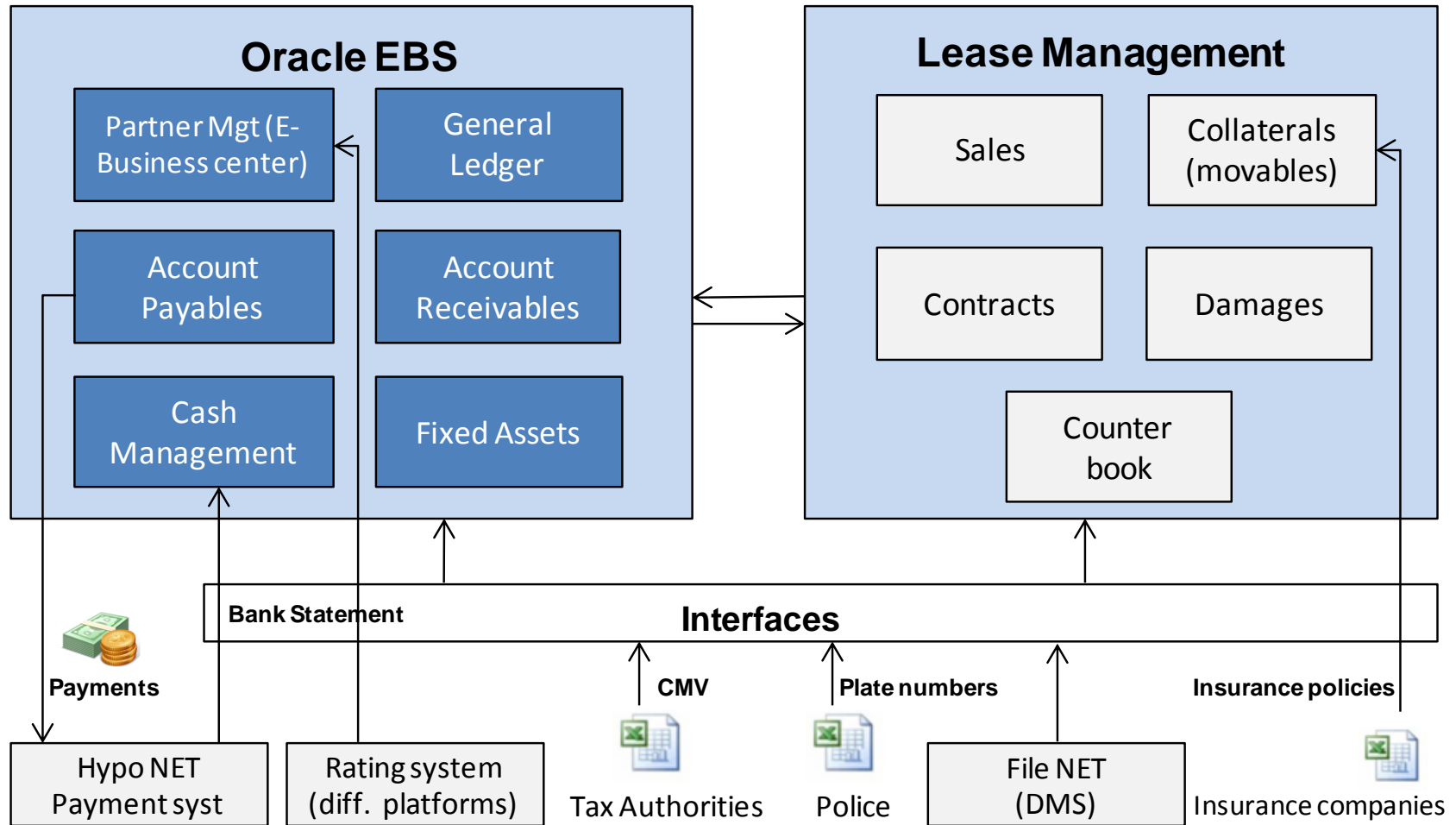


Hypo Group Alpe Adria Leasing Case

Basic facts

- ❑ over 300 users in 2007.
- ❑ 5 companies in 3 countries (Croatia, Bulgaria, Macedonia)
 - One EBS instance, 3 set of books, 5 operating units
- ❑ 100.000 Leasing contracts migrated (with receivables history)
 - 60.000 Invoices monthly in AR
- ❑ *Customizations*
 - 3 new modules (*Sales and Contract administration, Collaterals, Risk mgmt*)
 - 2 complex EBS customisations, a lot of Medium ones,
 - 6 workflows, a lot of Reports,
 - 13 Interfaces (*payments, bank statement, 6 import data, 4 export data, DMS*)
- ❑ 16 servers

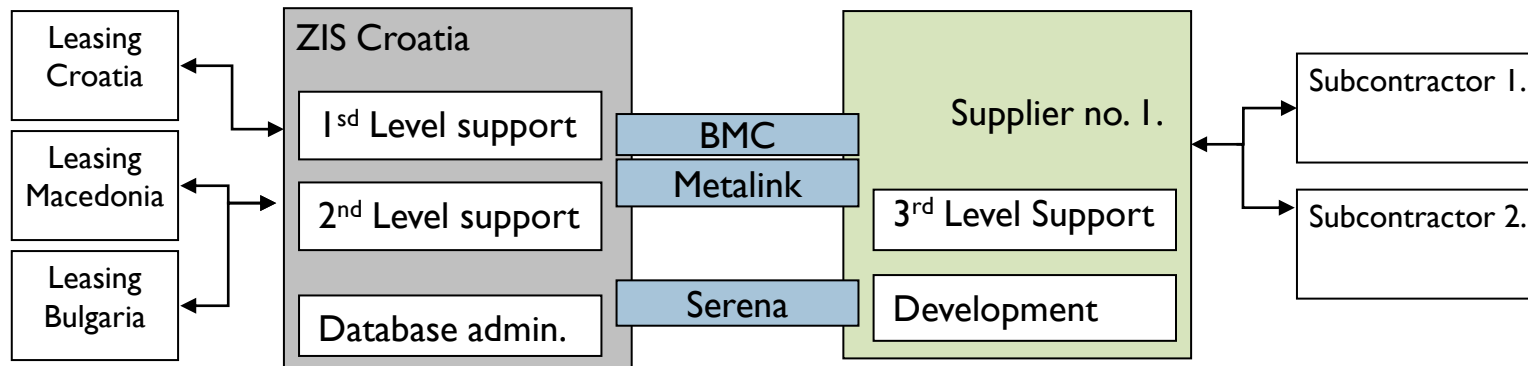
Functional System Architecture 2007.



First maintenance model

*Shared service and competence center owned by HGAA Leasing (ZIS)
(1st and 2nd level support + external supplier no. 1)*

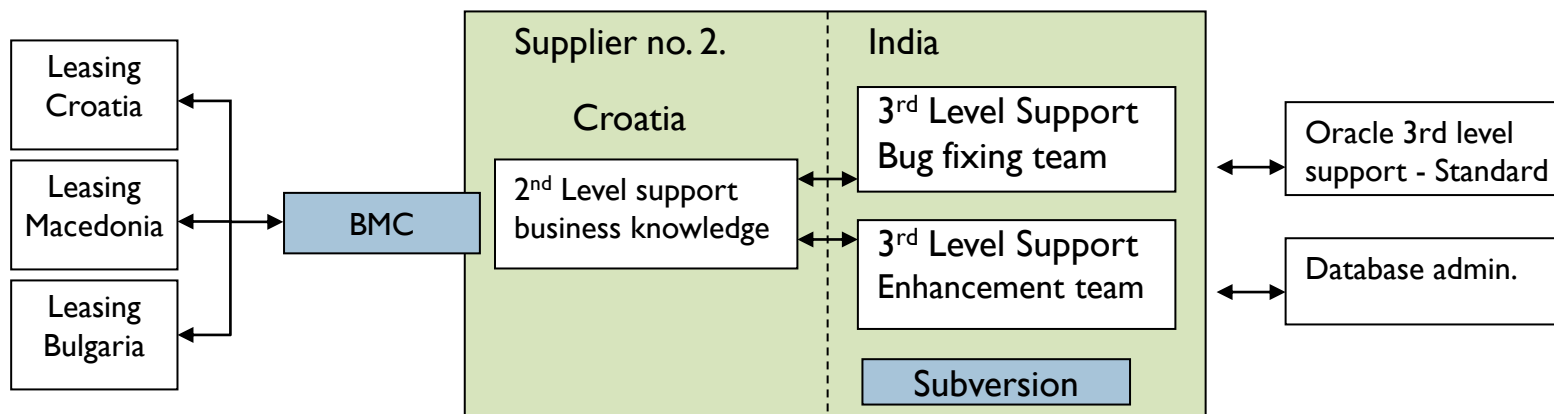
- ❑ too expensive (internal cost and external cost) and not efficient
 - Usually problems cannot be solved within the 2nd level support as provided ZIS resources don't have profound knowledge of solution i.e. application logic.
 - Bugs in delivered functionalities;
 - To many iterations in specification preparation and in testing
 - Supplier without business knowledge



Second maintenance model

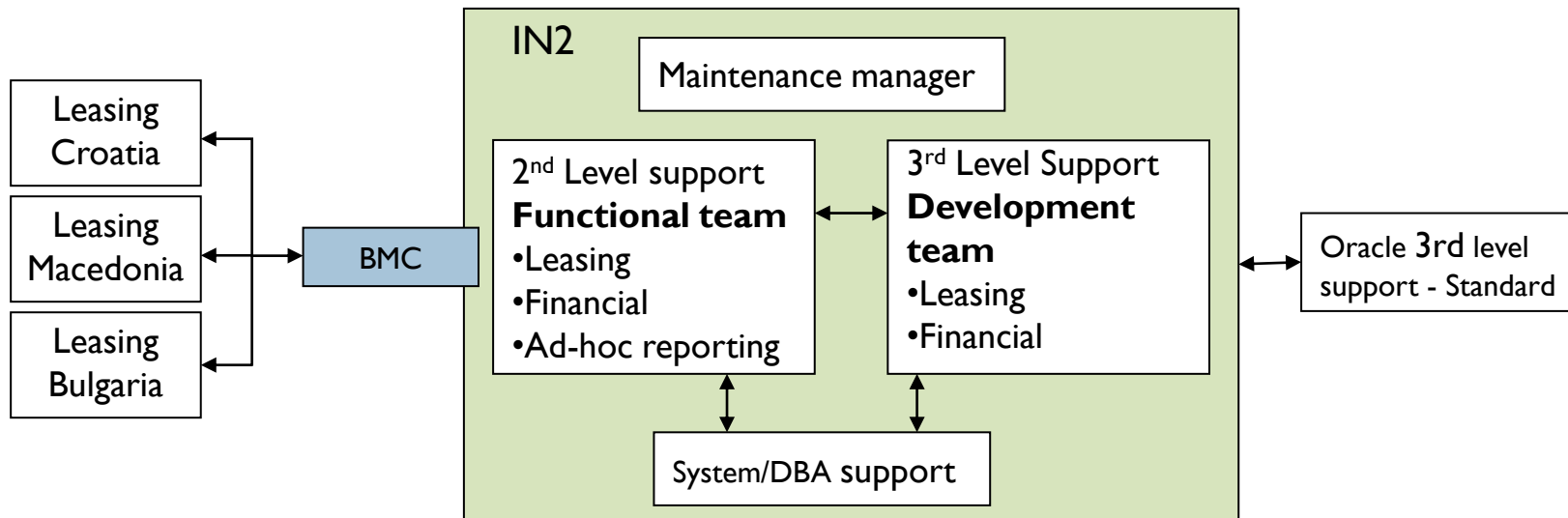
Internal only 1st line support + global supplier no. 2

- ❑ Local functional support and development in India (so-called “right-shore”)
- ❑ Transition project lasted for 5 months
- ❑ Documentation delivered was detailed and extensive, EBS development team in India was competent, but , user’ satisfaction wasn’t improved.
 - Delivery time increased
 - Many iterations in requirements definition, also in testing
 - The quality of services was not satisfactory
 - Cost was still high (a lot of managers)



Third maintenance model

Internal only 1st line support + IN2



Third maintenance model

→ *reduce cost and improv user' satisfaction*

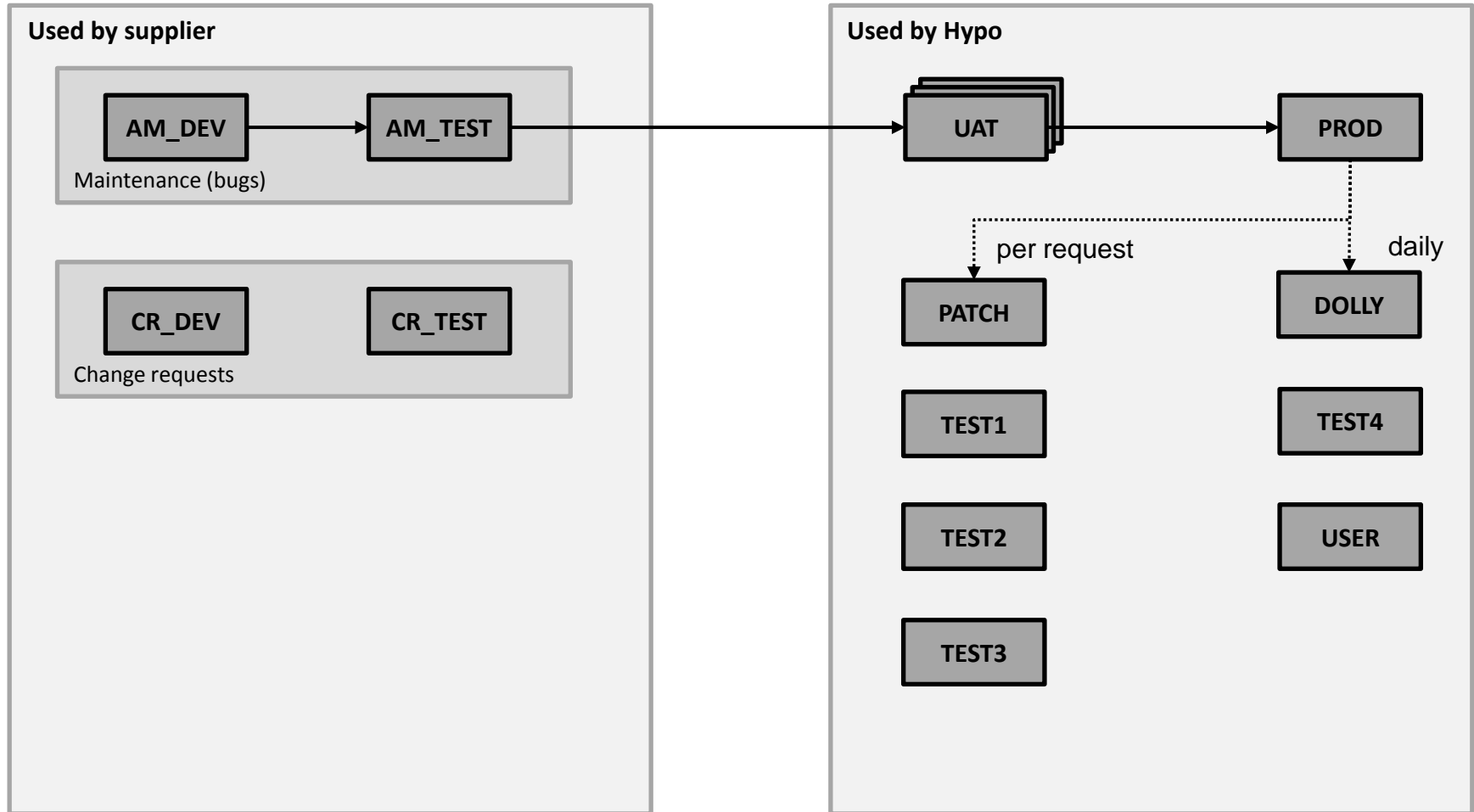
- ❑ Better operational model
 - Team is not separated on bug fixing and customization development; consultants and developers are specialized per business areas
 - Functional consultants and developers are on the same place, they cooperate on daily bases
 - Decreased number of instances (requires stronger maintenance management but decreases system administration cost and increases quality of testing)
 - Business know-how on supplier side
 - Minimum *levels* in team organization hierarchy
- ❑ Constant improvement of operational model and processes
- ❑ Supplier's consultants are actively involved in requirements definitions in order to better understand requirements and propose better solutions
- ❑ Maintenance manager understands Solution architecture and implemented functionalities

Transition project

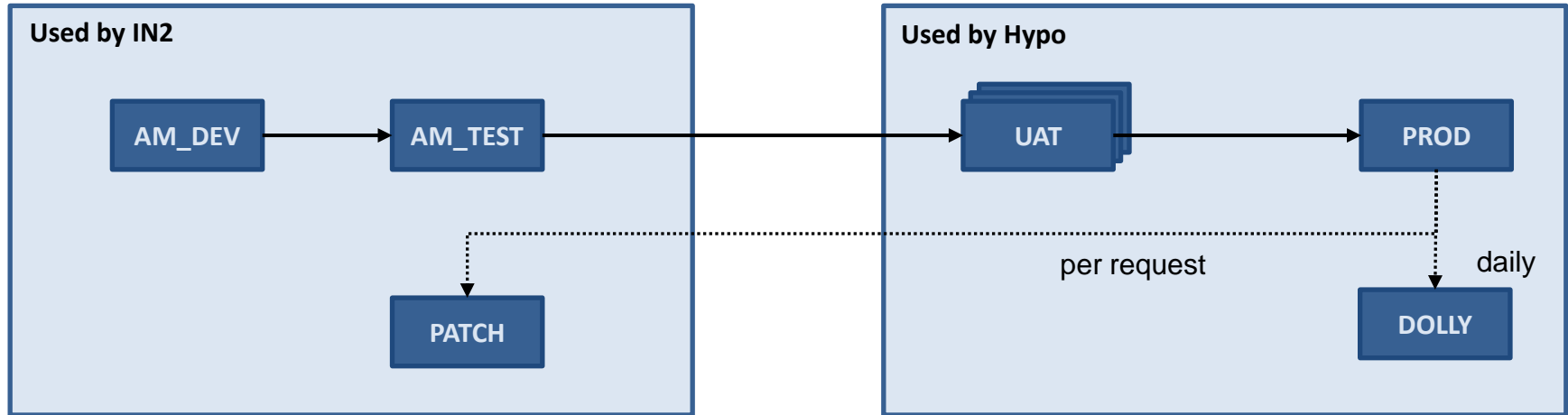
from second supplier to IN2 in 2011

- ❑ Set up teams and procedures; Independent Transition Project manager
- ❑ Analysis of service requests submitted during the last six months
→ *to identify critical parts of the system (to be analyzed on workshops)*
- ❑ Workshops per business area, takeover of documentation and installation scripts (2 months), through streams:
 1. functional (processes) – key users involved
 2. technical (customizations, interfaces, reports)
 - Complex customizations presented and discussed
 - Open change requests (in development) analysed in detail
 3. system administration (DBA, services)
→ *improvements suggested (process changes, customization changes, etc)*
- ❑ Shadowing (1 month)
- ❑ The project price was significantly lower when compared with the previous one.

EBS instances – before transition



EBS instances – after transition



Service Level Management - do's

From ITIL Best Practice for Managing IT Services

- ❑ *Do involve the client's organization as soon as possible.*
- ❑ *Do make the planning and implementation of the service level management, a joint effort between the IT service provider and the customer organizations.*
- ❑ *Do organize regular reviews to make the process more effective.*
- ❑ *Do organize independent audits to check compliance and to optimize the process make it more effective.*
- ❑ *Do specify that service requirements are customer focused and use the service quality plan to specify and communicate the internal requirements.*
- ❑ *Do treat the customer's observations as facts.*
- ❑ *Do involve all departments in the service level management process. Make them your partners in providing services.*
- ❑ *Do agree only on qualified, quantified, and measurable service levels.*
- ❑ *Do involve other service management and operational processes in delivering management reporting.*
- ❑ *Do keep wording as simple and clear as possible.*

Service Level Management - *don'ts*

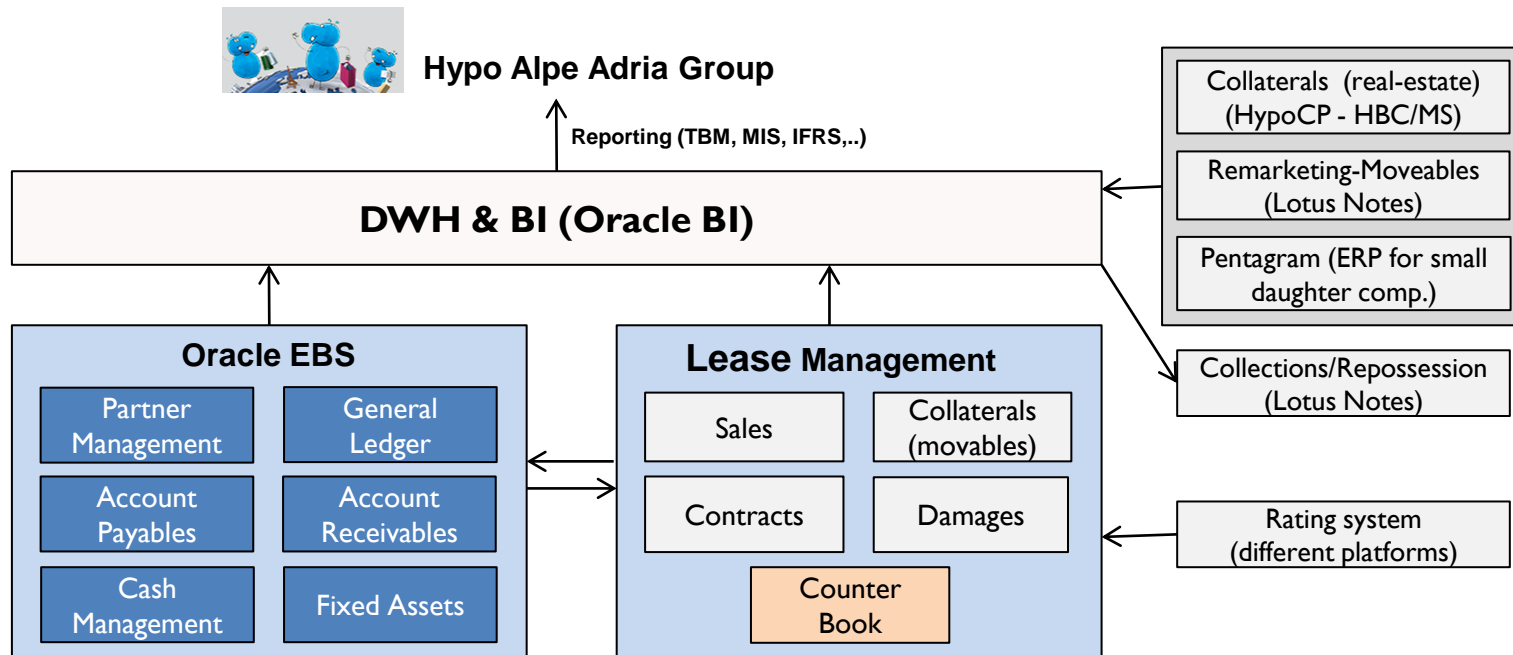
From ITIL Best Practice for Managing IT Services

- ❑ *Don't be over ambitious in setting formal service targets until all supporting processes and tools are implemented.*
- ❑ *Don't start by defining a service level agreement, before defining process goals and activities.*
- ❑ *Don't agree to any targets, that you cannot measure.*
- ❑ *Don't start by talking to your client, start by listening.*
- ❑ *Don't tend to bureaucracy.*
- ❑ *Don't say NO!. If a customer wants a service that you don't deliver normally, explain the consequences (time, money) if you do. Let the customer decide whether to invest.*

SLA and KPIs challenge

- ❑ KPI's are related to *Response time* and *Resolution time*, defined per problem severity having in mind expected percentage of certain severity level in total amount of problems
- ❑ If percentage of high level severity requests is higher, resolution time may be below required
 - *percentage of high level severity requests can be taken into account in KPI definition to avoid spending time on unnecessary discussions between consultants and users*
- ❑ A complex change request must be developed ASAP
 - *KPI' should take into consideration the number of man/days spent on change requests in comparison with planned one, to allow flexibility with the same price*
- ❑ number of escalations is an important element of maintenance quality and it should be reported regularly
- ❑ Supplier, as well as SLA, should be flexible enough to adapt to changes

DWH&BI built 2013.



Operational risk decreased, reporting time shorten, single source of truth.

Summary

- ❑ If a client is not satisfied with maintenance service, supplier change is possible.
- ❑ Transition process should be carefully planned and it could be used to identify possible system improvements.
- ❑ Maintenance model is important.
- ❑ Experienced consultants with business knowledge, and their tightly cooperation with developers ensure solution quality.
- ❑ KPIs should be defined to encourage supplier flexibility in unexpected situations.

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