

SIAM

PRINCIPLES AND PRACTICES FOR SERVICE INTEGRATION AND MANAGEMENT



Dave Armes • Niklas Engelhart
Peter McKenzie • Peter Wiggers

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Principles and practices for service integration and management

Dave Armes

Niklas Engelhart

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Colophon

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Foreword

Several years ago I was delivering an ITIL Foundation course in the UK. One delegate persistently asked how the ITIL ideas worked in a multi-vendor outsourced environment. My response was that this hadn't really been properly addressed yet. He countered with "there should be a book about it", I agreed and suggested he had effectively just offered to write it. He conceded. At that time, I happened to be charged with finding new titles for the itSMF International's publishing initiative, so was keen to hold that persistent delegate to his commitment.

That delegate was Dave Armes and at that point the book you now are now reading was conceived and started on its way. Then, as is the way with these things, nothing much happened for a while. But in the course of my work travels I met two more interested guys wrestling in their work environments with the implications of multi-vendor outsourcing on IT Service Management: Niklas Engelhart on a course in Sweden, and Peter McKenzie at a conference in Australia. Both were careless enough to agree they would be interested in contributing to a book on the topic. With three authors on board I felt confident enough to talk to publishers. The itSMF International route to market had gone by then but we were all delighted with the enthusiasm and support shown for the project by Van Haren Publishing.

So, that was my main role complete: bringing the talent together. Peter Wiggers in the Netherlands later joined the three. That international stretch across four countries has certainly added to the value, despite the time zone challenges it brought to planning and progress meetings. Incidentally most of the authors have still not physically met!

Since that first conversation with Dave, the concerns and focus on multi-supplier supply have increased. In fact it became so high profile it was allocated fashion status and a hyped-up acronym – SIAM. I was encouraged that – as with ITIL – our project was underway before the name was coined and stuck.

So, the popularity of the SIAM idea helped us lock down the title of the book, and we got the chance along the way to offer input to AXELOS' initial SIAM series of papers. Those papers were built around examples of one approach, while this book sets out to be generic – which all sounds to me like a good combination for those seeking a broad set of ideas to help with their own SIAM approach.

Like all best practice, this book is a documentation of what has seemed to work well for other people, and should form a sound starting point for those with similar issues in similar situations. Of course, as with all such 'best practice' guidance, there isn't a single answer, this book holds suggestions that you will need to adapt to your specific circumstances. The industry is seeing a stream of new SIAM ideas in blogs, webinars and conference

presentations. That, I am sure, will increase in coming years and shows that this is an area of ITSM that needs – and will surely get - yet more attention.

This book sets out to provide a foundation for the future range of guidance. It is wide ranging and we hope you – yes you! – will feel inspired to document your experiences and share them with the community. The SIAM world will evolve, approaches will change and practitioners need to contribute to the development of the future best practice approaches.

The authors have the scars to show their real world experiences – and they have strived to help others learn from their work and avoid mistakes. I hope this book helps you reach the right path sooner than you might have without a steer from those who have travelled this way before and I also hope that when you are on that path you will mark the trail for those who follow you.

This kind of book can be started by the authors but the final polish comes from the collective wisdom of the enthusiastic reviewers who have given their time to add their thoughts and experience to the project. So we would like to recognize and thank the following for their support: Hans Boer, Johann Botha, Daniel Breston, Brian Broadhurst, Peter Brooks, Dave van Herpen, Kevin Holland, Charlotte Lee, Jeannine McConnell, Markus Müller, Charlotte Newton, Tobias Nyborg, David Nyman, Harold Petersen, Léon-Paul de Rouw, GP Suresh and René Visser.

Ivor MacFarlane

Preface

Why would we use a picture of formation skydiving on the cover of a textbook about Service Integration and Management? In fact there are quite a few analogous aspects. If we consider that the skydivers are ‘Service Providers’ providing a ‘body flying service’ and the load organizer is the Service Integrator (the SIAM service provider):

- The Service Integrator (load organizer) describes what the outcome must look like and the constraints for delivery – including the very important time limitations... Gravity works!
- The Service Integrator advises the Service Providers (skydivers) about the techniques that have proven to be successful, but ultimately the Service Providers must decide how they will do the job they are given. Failure makes the Post Implementation Review (video debrief) an uncomfortable experience and they will be held accountable for their performance.
- The common KPI (successful formation) is a success for all – or for none. A good individual performance of the Service Provider will avoid scrutiny and consequence for that Service Provider but is not the real goal.
- Every service provider must:
 - Know their slot;
 - Fly their slot well;
 - Not cause issues for the other Service Providers;
 - Take personal accountability for the outcome;
 - Not allow themselves to become a victim even if someone else is not doing their own job.

Once the task is underway the Service Providers must pursue the common goal – there is not a lot of opportunity for constant communication in free fall. It happens quickly (around 125 miles per hour) and – to quote the general rule of aviation – for every take off there WILL be a landing of some sort. The difference between a successful flight with a controlled and safe landing and a dangerous event depends on coordination of the fliers.

In this book we will show how mutual accountability which is a life-saver for skydivers is also vital for SIAM. It is the foundation for a ‘maturity’ of partnership that allows cooperating, yet competing, Service Providers to operate in line with the commander’s intent. Each Service Provider must be relied upon to execute, and held accountable if they do not:

Know their slot, fly their slot...

Hold this skydiving metaphor in mind as you read this book as a reminder that any similarities to ‘normal’ ITSM are not the whole picture. There are both opportunities and potential pitfalls when deploying SIAM and we want our readers to benefit from our experience and increase the success of their own SIAM deployments.

September 2015,
The author’s team

1 Introduction

The traditional IT organization that purchases hardware and software from suppliers, develops its own skilled resources and uses those components to deliver services to its business is no longer valid. All large IT organizations now need to consume services from an increasing array of Service Providers to remain competitive and keep up with the rate of change in the industry. They need to leverage lower cost resource pools and delivery models, including the ability to consume all things ‘as a service’. This means that IT organizations are now required to integrate and orchestrate services provided by others, as much as deliver the services themselves. This requires organizations to change; change processes, change skills and change culture.

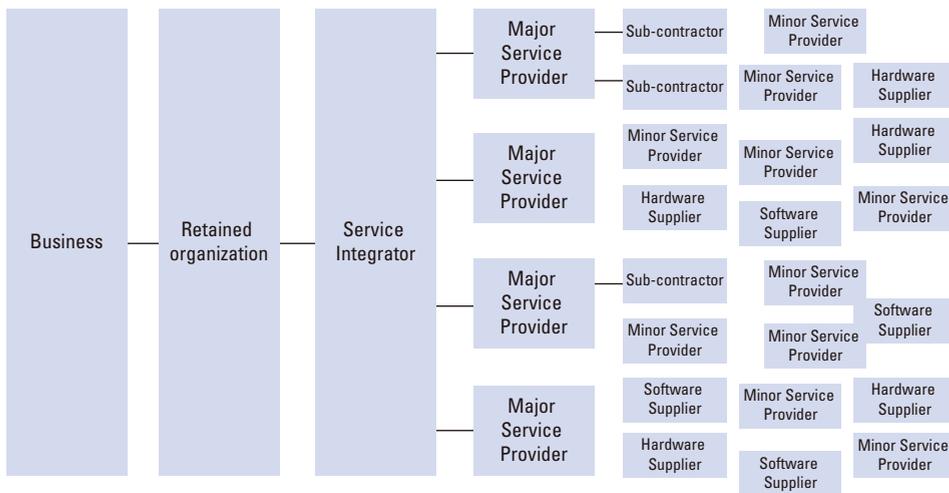


Figure 1.1 Service Integration

Many different names have been applied to the practices which integrate services and Service Providers, including; Service Integration (SI), Multi-Supplier Integration (MSI) and Service Integration and Management (SIAM). For the purposes of this book, the practice will be called Service Integration, and use the abbreviation of SIAM, so as to avoid any confusion with Systems Integration. The organizational unit primarily responsible for performing Service Integration activities will be referred to as the Service Integrator.

The authors of this book have collectively been working with organizations to help them manage complex IT for more than 20 years and for the last 10 have focused on the area of SIAM architecture and implementation. They work as consultants to, and leaders within, multi-sourced organizations and have delivered significant benefits through a number of different approaches to the challenges SIAM presents. The principles captured within these pages have evolved and have proven robust across a broad range and type of organizations, in most industries and across the US, Europe and Asia. The objective is to provide guidance

to IT professionals and managers and shed an ‘experiential light’ on what matters in getting the best from a multi-sourced environment.

1.1 The growth of Service Integration

The concept of Multi-Supplier Service Integration is not new; it has been discussed in all parts of the IT industry for many years and in other industries as common practice for much longer. The traditional pressures of IT remain, with organizations having to do more with less, and in less time. But the industry is now developing and is at a point where suppliers and Service Providers have an increasingly broad set of offerings to help organizations. As a consequence, multi-sourcing has flourished with competition driving down cost, at the expense of a significant increase in complexity, as the number of organizations involved goes up. This complexity is increased even further when dealing with commodity ‘as a Service’ or cloud-based models where the costs are lower for the service received but the level of customization within the service is reduced, causing greater need for Service Integration.

The IT industry is now firmly within what Dan McNicholl, “Master of the Outsourcing Game, an Interview” (McNicholl, 2005), referred to as the fourth generation of outsourcing:

- Generation I – do it yourself;
- Generation II – large scale outsource to a single supplier;
- Generation III – multi-source across a number of specialist providers (loose federations);
- Generation IV – integrated Service Providers focused on common goals (tight governance).

As a result the definition of Service Integration is:

Service Integration is the set of principles and practices, which facilitate that collaborative working relationship between Service Providers required to maximize the benefit of multi-sourcing. Service Integration facilitates the linkage of services, the technology of which they are comprised and the delivery organizations and processes used to operate them, into a single operating model.

To come back to the skydiving analogy, Service Integration ensures that all parties (including the customer):

1. Are fully aware of their required outcomes, expectations and accountabilities;
2. Are enabled to deliver those outcomes;
3. Are held clearly accountable for these outcomes.

1.2 What is different in a multi-sourced environment?

Why is implementing and managing a multi-sourced environment different? The additional complexity arises from the boundaries between the organizations involved and the rigidity

of the contracts that bind them. The IT industry has learned to deal with the negotiation and collaboration required in a Generation II single-source model, but when complexity is significantly increased, the strain begins to show. Ensuring that there is a robust approach to the way that work must be done, and who is accountable for it is more complex when there are multiple parties involved, even more so when they represent different organizations and are bound by different organizations. Each piece of work needs to be:

- Specified;
- Documented;
- Contracted;
- Delivered;
- Integrated/orchestrated;
- Reported;
- Governed.

The growth of ‘as a Service’ and cloud-based offerings from Service Providers is driving the level of integration required between Service Providers ever higher by increasing the number of providers but decreasing the awareness those suppliers have of the customer’s business. There is growing awareness of this widening gap. While Service Providers are able to ensure delivery of their own service levels, the integration required to support business services and business values remains the responsibility of the retained organization. When the gaps between the performance of these two services (those delivered from external IT Service Providers to the retained IT organization and those delivered from the retained IT organization to the business service/process) becomes too large, that is when customers need to consider SIAM. The objective of this publication is to provide a field guide to IT leaders and managers looking to successfully manage this transition and provide guidance, structure and lessons learnt to maximize the benefit of Service Integration and avoid the pitfalls.

It is widely understood that a trusting relationship is the most productive way for multiple parties to work towards a shared goal, yet still customers listen to a sourcing mantra in IT which is based on a foundation of mutual mistrust. This is evident in the tendency to call suppliers ‘vendors’, and to frame the governance as ‘vendor management’, i.e. with the commercial aspects foremost in mind. There is a growing set of data, which indicates that those organizations which embrace partners strategically in a broad range of areas will be the most successful.

The good news is that those commencing SIAM implementations do not have to start with a blank sheet of paper. Looking outside IT there are many engineering and manufacturing companies that manage a bewildering supply chain, which has to ensure components arrive at the right place at precisely the right time to build the final product. These components come from multiple different external companies – sometimes multiple companies for a single sub-assembly (parallel supply). More importantly, the contracts are aligned to the delivery and quality of the components as an outcome, they do not specify how. The automotive industry is a good example of this approach.

Examples from academia provide additional insights. Elinor Ostrom, (Ostrom, 2009) who was awarded 2009's Nobel Prize of Economics, looked at how real-world communities manage communal resources, such as fisheries, land irrigation systems and farmlands, identifying a number of factors conducive to successful resource management:

- One factor is the resource itself; resources with definable boundaries (e.g., land) can be preserved much more easily:
 - Clearly defined services
- A second factor is resource dependence; there must be a perceptible threat of resource depletion, and it must be difficult to find substitutes:
 - Pressure on IT budgets
- The third is the presence of a community; small and stable populations with a thick social network and social norms promoting conservation do better:
 - Our IT community, including Service Providers ('us', not 'us and them')
- A final condition is that there be appropriate community-based rules and procedures in place with built-in incentives for responsible use and punishments for overuse:
 - Our SIAM principles and practices

Service Integration provides community-based rules and procedures, which govern the ecosystem operation (skydiving in formation) and the benefits of effective Service Integration (completed formation with safe landings) – including the ultimate survival of our SIAM community, and depend on disciplined management of resources.

1.3 Why is Service Integration different?

Despite the changes in the industry, there is still no formalized SIAM competence that is recognized and industry standards have not yet caught up to provide the required guidance.

ITIL has provided guidance and structure to the management of IT since the late 1980s, but is based around IT services being delivered by a single set of processes, in the main, by a single organization. While ITIL is operating model agnostic, it is based on a more traditional single service provider archetype.

COBIT is an overarching reference framework for the governance of enterprise IT. This book refers to COBIT 5, which was published in 2012. It has evolved from an IT audit perspective to an IT strategy perspective covering every aspect of the way information technology should support the business objectives of the enterprise.

Important concepts and elements can be found as part of the enabling processes defined in COBIT, however, the concept of Service Integration is not yet fully addressed. The Plan process APO09 – Manage Service Agreements – covers Service Integration from a conceptual and high level point of view but in COBIT today the only hint of Service Integration is in process APO010.03 – Manage Supplier Relationships and Contracts – where activity number 8 states “Define and formalize roles and responsibilities for each service supplier.

Where several suppliers combine to provide a service, consider allocating a lead contractor role to one of the suppliers to take responsibility for an overall contract”. The Build, Run and Monitor processes do not include specific references to the field of SIAM. Clearly there is a need for further elaboration of this area of expertise. APO09 and APO10 Manage Suppliers are the obvious places to look for more specific Service Integration content in future releases of the COBIT reference model, Figure 1.2.

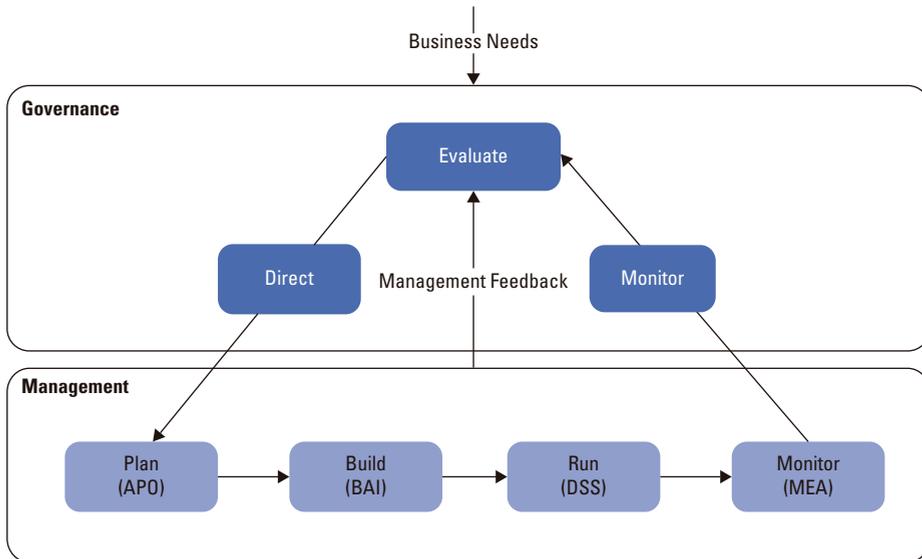


Figure 1.2 COBIT main structure (Source: (ISACA, 2012))

This publication stands on the shoulders of the people who created ITIL and COBIT and uses the structures they gave us to highlight only those things that need to be adapted to work more effectively in a multi-sourced environment.

1.4 Conceptual model for Service Integration

Whenever an organization procures services from more than one Service Provider, some level of integration will be required. Integration is a service in its own right and can be provided by either the customer's own retained IT organization, or outsourced to an external party. (Different types of sourcing strategies are discussed in Chapter 2 **Basic Concepts and Terminology**.)

Whatever the model, the Service Integrator always has the end-to-end responsibility for the delivery of the aggregated IT services that are required to support the service customers and their business process outcomes. Whether the dependencies between Service Providers are functional, e.g. through integrated applications (front office, back office, middleware), or non-functional (server, storage, network) SIAM will always be required to provide coordinated management and governance.

A Single Point of Service (SPOS) is analogous to a SPOC (Single Point of Contact), where a service user or consumer has its interface for request, incidents, changes etc. A SPOS will be the customer's only interface to agree, design, release, operate, manage and govern services.

Some fundamental objectives of a Service Integrator are to:

- Reduce complexity to the customer by acting as a single point of service for all customers;
- Improve operative stability through standards and supplier coordination and collaboration;
- Reduce the time to market by effectively and efficiently integrating and orchestrating processes between Service Providers;
- Reduce the cost of IT service provisioning by:
 - Improved efficiency and effectiveness through removing gaps and overlaps between providers;
 - Ensuring the definition of the scope of each service is appropriate ('economy of scope');
 - Economy of scale through reuse of service management resources and capabilities;
 - Effectively orchestrating multiple providers' services to provide the required balance between service cost and service quality.

In fully mature and integrated environments the key responsibility of a Service Integrator is to act as a Single Point of Service (SPOS) with which the service customer objectives, requirements, desirable outcomes etc. are agreed upon and formally propagated further to every service and its provider.

1.4.1 SIAM integration model

From an overview perspective a SIAM model is a matrix where the integrator "covers" the participating providers and their services from the customer and its consumers. This can be done in an "open" fashion, where customer is fully aware of the underlying services, or closed, where customer is unaware of the underlying providers and services. The structure does not intend that all activities of the Service Providers be managed by the Service Integrator. It is just the interfaces to the encapsulated services, presented for integration, that are managed. The Service Providers are expected to manage the underlying aspects of their operations internally and according to their own processes. This is because of the responsibility being aligned to the accountability for the services.

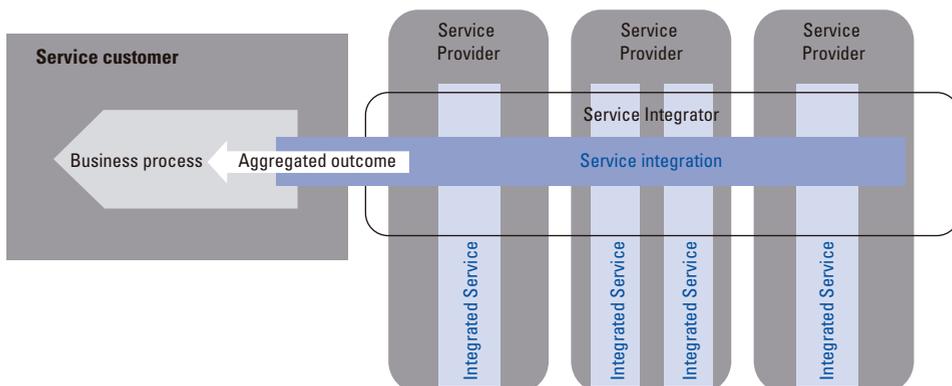


Figure 1.3 Overview SIAM integration model

SIAM is used for the governance and management of aggregated IT services and design and implementation of SIAM models are based upon IT Service Management principles. The Service Integrator needs to have the resources, capabilities and capacities to take end-to-end responsibility for the aggregated outcome and manage the integration of services. This includes both customer internal IT provider as well as third party providers. Characteristics of a Service Integrator include:

- A Service Integrator is accountable or enabling (depending on how one chooses to implement – see **An example model of Service Integration (SIAM)** later in this chapter) of the delivery of the aggregated services over multiple providers and their delivered services.
- The customer business processes and users consume every delivered service through the end-to-end aggregated service.
- The Service Integrator often sets up governance and management of integrated services within a SIAM function.
- The customer might or might not be aware of the underlying participating providers and their services.

It is not just the Service Integrator who needs to have SIAM capabilities; SIAM also depends on Services Providers having the ability to be integrated as well.

1.5 Benefits of effective Service Integration

In a multi-sourced environment, the benefits of outsourcing are typically well understood and can include:

- Access to a broader pool of resources and skills;
- Access to methods and pre-configured tools;
- Lower cost through optimized methods and broader resource pools;
- Flexibility.

When extending this model to the practice of ‘Cloud Sourcing’, additional benefits can be realized, including:

- Reduced implementation through pre-configured environments;
- Additional cost benefits through highly leveraged asset costs;
- Increased quality at lower cost through mass production.

However, very few services in corporate IT can be solely provided by a single external party. The retained organization typically contributes business-specific data, integration with other services and some unique insight into the business context of the IT solution. Thus, the externally sourced services must be selected, implemented, operated and integrated in a way that will be unique to each organization. This is the role of the Service Integrator, acting as an agent of the retained organization. In the Gartner paper ‘Scoping the Office of the CIO’ (Lee Weldon, Gartner, 2012) Weldon refers to this as “ensuring a consistent, transparent and efficient approach to the way the IT organization delivers value to the business” or “Do things right.”

While the benefits of Outsourcing and Cloud Sourcing are clear at the individual service level, these benefits can be significantly eroded if the required integration between services is weak. For example, if the integration of two services takes an additional set of resources within the retained organization, the costs will increase and the benefit will reduce. Likewise, if there are gaps between two services which limit the overall performance or availability of the business services they support, this will impact the experience of the end-user and thus the credibility of the SIAM function and the retained IT organization.

There are multiple benefits that the business can achieve through having a mature Service Integration function (or SIAM function as this book will call it). The list below provides the most important ones:

- Improved controls, supporting reduced risk and more consistent cross Service Provider service delivery;
- Increased clarity through coordinating cross supplier interactions, leading to reduced cost through duplication and improved service through better coordination of resources;
- Improved customer satisfaction through facilitating reduced cost and improved service;
- IT operating as a single team based on the Service Integration coordinating and managing the cross supplier interactions – there will be no finger pointing between Service Providers in case of serious service disruptions, due to single points of contact and accountability;
- Optimized resource usage in support of reduced cost of IT through standardized IT service delivery, which will free up resources to support business innovation;
- Ease of onboarding new services and Service Providers (e.g. SaaS) – new IT services and solutions that are initiated by the business can be integrated fast in a predefined structure using tested onboarding procedures;
- Fast switching of Service Providers by greatly simplifying transition – the overall Service Integration enables clearly defined service scope and standardized interfaces, which will facilitate a replacement of a Service Provider for a single service bundle when such a need arises without business disruption. This is because the standardization of process interactions means that changing one Service Provider has minimal impact on others.

1.6 An example model of Service Integration (SIAM)

One of the most widely publicized Service Integration models is that published by the UK Government as the UK Public Sector's SIAM Enterprise Model which is described in the whitepaper 'An example ITIL®-based model for effective Service Integration and Management' (Holland, Axelos.com, 2015).

This model describes the components of an accountable SIAM function where the Integrator takes accountability for end-to-end service delivery from the suppliers (see the diagram in Figure 1.4 from the whitepaper).

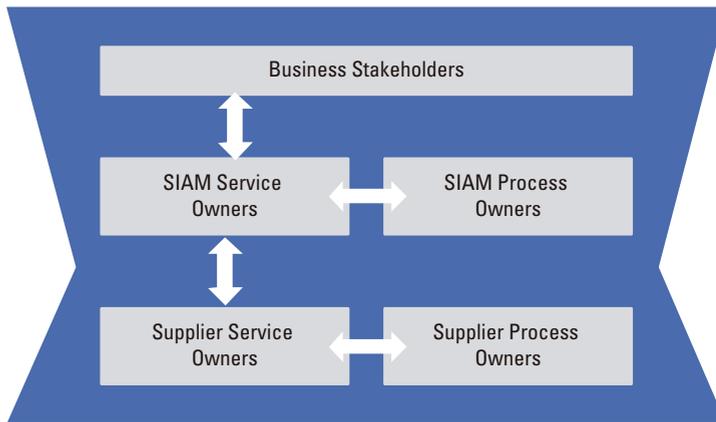


Figure 1.4 SIAM High-Level Conceptual Illustration

The model then goes on to describe the service components, which can be included in the SIAM function as part of a SIAM Enterprise Model, see Figure 1.5.

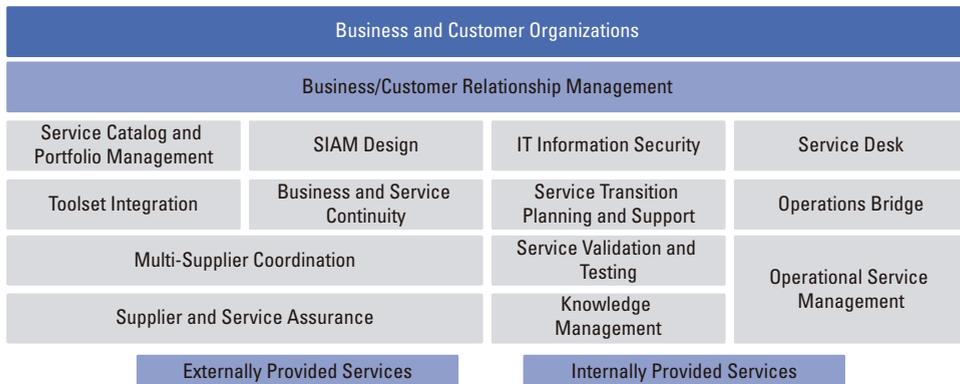


Figure 1.5 UK Public Sector SIAM Component Model

This model also introduces the concept of 'core SIAM' which includes

- Business/customer Relationship Management;
- SIAM Design;
- Service Catalog and Portfolio Management;
- Toolset Integration;
- Business and Service Continuity;
- Multi-supplier Coordination;
- Supplier and Service Assurance;
- IT Information Security;
- Service Desk;
- Service Transition Planning and Support;
- Operations Bridge;
- Knowledge Management;
- Service Validation and Testing;
- Operational SIAM Management.

As the paper ‘An example ITIL-based model for effective Service Integration and Management’ (Holland, Axelos.com, 2015) suggests, this is one way of structuring a relatively large scale and mature SIAM function. The model can be scaled through the correct organizational alignment, but in environments with existing Service Provider contracts and processes (where roles and accountabilities are already defined, and suppliers in place) a SIAM function can be a significant level of change to implement.

Experience indicates that models such as this can be used to provide an overall direction to the implementation of a SIAM function, although an ‘enabling’ approach may offer an easier way to get started.

An “enabling” SIAM function is responsible of ensuring that the standards, processes, reporting and other enabling functions are in place to allow e Service Provider services to be integrated into aggregate services, to meet the needs of the business. An illustration of the relationships in an enabling model is shown in Figure 1.6.

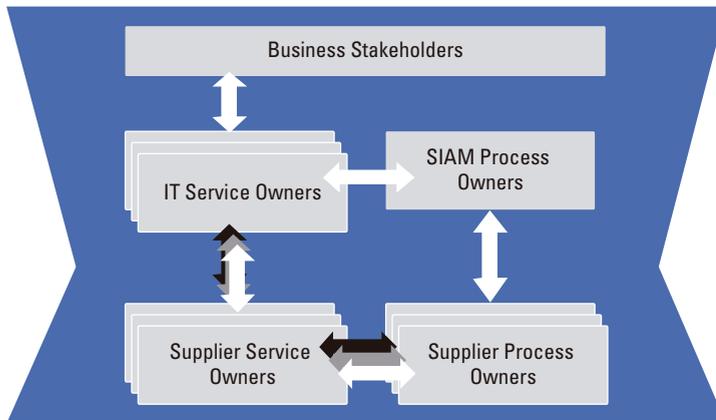


Figure 1.6 Enabling SIAM High-Level Conceptual Illustration

1.7 Managing the intersections

SIAM is founded on the same service management enablers as traditional (non-integrated) service management. There are different ‘paradigms’ or ‘groupings’ of enablers today, e.g. the ‘4P’ of ITIL (People, Process, Products and Partners) or the ‘seven enablers’ of COBIT. Both of these are good practice for any service delivery situation. Since SIAM is more concerned with management and governance of Service Integration, and less with operational execution, this book has its center of gravity within COBIT but makes use of ITIL as well. In the end it is the generic area of ITSM and SIAM and not specific standards that are important to master in order to succeed. It is of course an option and even a possibility to change, extend, enhance or elaborate enablers according to any other paradigm. What’s important is that SIAM implementations use a structured approach that covers every aspect of the management and governance of services.

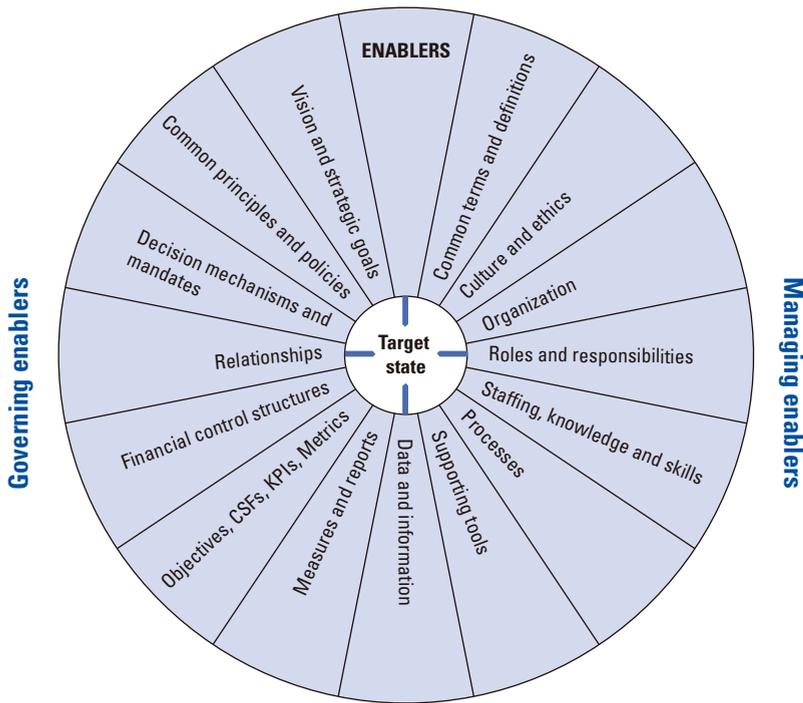


Figure 1.7 SIAM Enablers

The enablers described above can be established at three levels, each with its own characteristics and objectives:

- Strategic – visions and long term relationships. Support overall business.
- Tactical – midterm, budget level. Responsible to continuously support specific business process(es).
- Operational – daily operations, supports users and other operational stakeholders.

This allows the decisions to be made at the most appropriate level of governance and management.

The use of enablers and three levels of governance are, of course, not unique to SIAM, on the contrary they should be used in any well-formed service delivery. The differences or elaborations within SIAM are:

- It is a common set up and establishment of enablers (as far as possible), they are not bespoke or unique to each intersection between services;
- There might be flavors or variants in the implementation but the designed enablers have to be established in every intersection of an integrated delivery.

To manage the aggregated delivery of multiple IT services, enablers for management and governance should be applied to every intersection between the Service Integrator, the Service Providers and their services. These enablers are a vital part of the SIAM function

and they should therefore be common to all services and every participating party should recognize and adapt to them. See Figure 1.8.

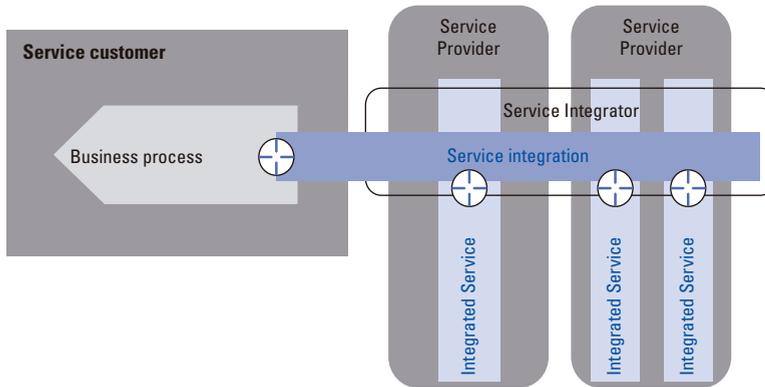


Figure 1.8 Enablers are applied to every intersection between integrating and integrated services

It is the Service Integrator's responsibility to design the way these enablers will interact from the requirements of the unique situation but they must be agreed and implemented by every participating Service Provider. It is also important to remember that different providers will have different prerequisites and competences to adapt and implement enablers. A Service Integrator must have the competences to deal with the situation where different providers behave, within certain limits, differently. It is important that the service customer should only experience the homogenous behavior of the Service Integrator.

This design will ensure that customer requirements and demands for service can be propagated through the Service Integrator to every participating service and the delivered, aggregated, service outcome will support the desired business values.

How to design and implement the different perspectives and dimension of the service enablers will be further discussed and elaborated in the following chapters of this book.

Practitioner tips:

- Different providers will have different prerequisites and competences. Don't try to force a rigid standard upon every party. A good Service Integrator parries and manages differences to provide a seamless appearance to the customer.
- It is not necessary to cover every corner from the beginning. Start with the most critical service and/or the most critical intersection and incrementally work forward – but make sure to cover every enabler, every time an increment is added.

1.8 Structure of this book

There are many dimensions to the Service Integration concept set out above. These are covered in the following chapters:

- Chapter 2 covers basic concepts and terminology as well as conceptual models for Service Integration;
- Chapter 3 describes the people and the processes that are needed;
- Chapter 4 discusses the implications for tools and data management;
- Chapter 5 covers sourcing as an important aspect of Service Integration;
- Chapter 6 covers governance;
- Chapter 7 focusses on continual service improvement;
- The book will conclude with final remarks in Chapter 8.

‘Practitioner tips’ are included throughout the chapters for key ‘take-aways’ to assist readers.

To provide context for the structure of this book, alignment to COBIT enablers has been provided for ease of understanding, as illustrated in Figure 1.9 and Table 1.1.

Table 1.1 COBIT enablers

Chapter	Covers...	...and is (partly) covering COBIT enabler...
2. Basic concepts and terminology	Definitions of the SIAM function and conceptual models for Service Integration	Principles, Policies and Frameworks
3. People and Process	People and processes to run a SIAM function	Process Culture, Ethics and Behavior People, Skills and Competences
4. Data and Tools	Tooling framework to record, gather and analyze data to share information	Information Service, Infrastructure and Applications
5. Sourcing multiple Service Providers	The sourcing process of a Service Integration ecosystem and contractual aspects	Organizational structures
6. Governance	Governance of Service Integration	Organizational structures Culture, Ethics and Behavior
7. Continual service improvement	Improvement over time	Process
8. Conclusions	Wrap-up and final considerations	Not applicable

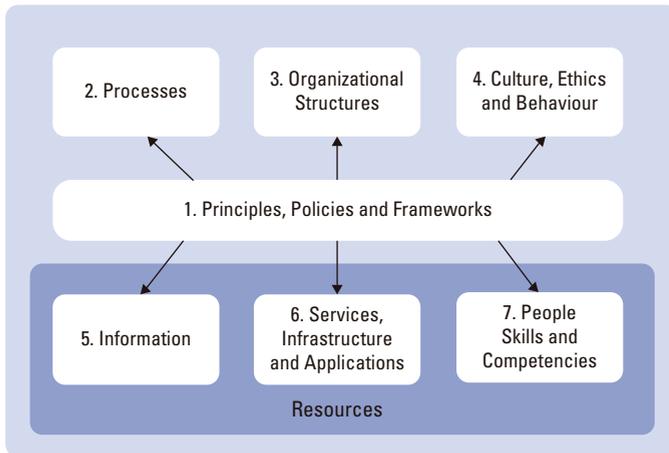


Figure 1.9 COBIT Enterprise enablers (ISACA, 2012)

1.9 Case studies

Throughout this book, reference will be made to three case studies that illustrate some of the approaches that have proven successful. Each demonstrates different perspectives on the challenge of establishing and managing a SIAM function with and without large scale contract change.

- A global automotive manufacturer implementing a large-scale ‘accountable’ SIAM function to drive cost efficiencies;
- A global energy production company implementing an ‘enabling’ SIAM function with little contract change, focusing cross-supplier collaboration to drive continual service improvement;
- A large European bank implementing an ‘accountable’ SIAM function to drive service improvement and cross-supplier collaboration.

1.9.1 Case study 1 – Global large automotive manufacturer

Situation/context:

The company was a global automotive manufacturer, operating in 42 countries. There had been a 10-year large scale, monolithic outsourcing deal worth multiple billions of dollars per annum. Over the 10 years some portions of the large deal had been taken to market and had created a situation of ‘accidental multi-sourcing’. As they approached the end of the 10-year deal, a business case was made to consolidate the multiple service contracts, executed locally to a much smaller number of global service contracts. It was a significant step to commit to changing from the traditional model to a globally standardized service contracts.

Key features of the approach were:

- A vision of globally standardized service contracts to support a global level of optimization;

- The expiry of the previous global service contract created an effective ‘greenfield’ implementation. They committed to globally coordinated change across all IT outsourcing contracts simultaneously;
- The company was a very mature consumer of outsourcing services;
- Multi-billion dollar IT spend per annum.

Solution aspects and constraints

There was clearly a transition risk since it was a very new approach, with the intention of a single big bang transition date, and a major transition. To mitigate this risk, about a year of planning and another year to take the contract bundles to market was planned.

Cost efficiency was a driver for the market approach but the ongoing maintainability of the resulting commercial regime was a significant consideration. It was unlikely that the company could justify such a large-scale transition again, so the solution had to permit future changes on a Service Provider by Service Provider basis without significant impact (and therefore transition cost) to other Service Providers.

One of the Key Performance Indicators for the IT organization was ratio of maintenance expenditure to new project expenditure – i.e. how much of the total IT expenditure was ‘keeping the lights on’ compared to how much was adding new capability to the business lines. The goal was to decrease the maintenance cost as a proportion of the overall IT expenditure allowing more budget for the enhancement of services.

The contract bundles were aligned to:

- Infrastructure types (e.g. mid-range hosting, network etc.);
- Business unit aligned application contracts with responsibility for application and integration for each business unit (e.g. manufacturing applications);
- An end-to-end application Service Integrator responsible for overall application and information integration;
- A technical infrastructure Service Integrator that included the SIAM function, later changed:
 - This bundle was split into two components during the bidding phase. It was recognized that the infrastructure system integration scope was substantially different to the Service Integrator role;
 - The Service Integrator role needed to operate across all IT services whereas the infrastructure Service Integrator was limited to the infrastructure bundles;
 - This was a recognition that the scope of the Service Integrator had to be aligned to the outcomes required of it.

During the planning phase the companies who would be invited to bid on the future contract bundles were given the opportunity to engage in mapping the end-to-end processes. This was an innovative way to ensure that the future suppliers could influence the way the processes were built in order to be compatible with the way the solutions would be proposed.

This avoids asking suppliers to perform ‘unnatural acts’ meaning delivering to the contract specification in a way that unnecessarily drives up cost.

Standardization was a key feature of the solution, to support:

- A desire for standardized contracting to minimize transition/implementation costs and maximize efficiency – most importantly to reduce the cost of any future transitions;
- Reduced impact of change in one supplier to the other suppliers or the customer, allowing innovation within suppliers without unnecessary external dependencies;
- Addressing the concern from the customer about management of conflict of interest;
- Candidates who wanted to bid for the integration management were required to demonstrate that the conflict of interest created between the Service Integration role and any Service Provider roles could be managed;
- Globalized contracts to reduce over 1,000 local arrangements of outsourcing contracts to less than 100;
- A key principle of alignment of authority and accountability was implemented to ensure that the service encapsulation allowed optimal outcomes for both the company and the Service Providers.

Implementation plan

- The transition plan involved all contract services transitioning to the new roles and responsibilities, billing and service measurements on a single night at midnight;
- The new terms and conditions transitioned immediately even though many suppliers used incumbent staff adopting a traditional shadow/reverse shadow approach. What was a key (and innovative) aspect was that the new Service Providers engaged the previous incumbent as *they* required but the new suppliers were accountable for the outputs and SLAs. The customer was not required to manage those engagements;
- Service Desk was a separate Service Provider contract – it was treated as a Service Provider bundle and not part of the Service Integrator;
- A single, standardized cross functional scope of work was used across all contracts – all suppliers had standard methods for engaging the Service Integrator and other suppliers. This allowed a high degree of integration and automation of processes and cross Service Providers orchestration;
- It recognized the Service Integrator as an agent of the customer and had authority to instruct Service Providers (within defined boundaries);
- The Service Integrator provided an ITSM tool as a single source of truth that acted as a communications hub to all other Service Providers in a highly automated and standardized way. All interactions between the Service Providers’ tools and the Service Integration tools were via a web service interface. Smaller service providers had the option of using email gateways to send/receive spreadsheets in a predefined XML format that was processed in the same way as the web service. The retained organization used the Service Integration tools;
- All SIAM reporting was performed based on the ITSM tools and data. Service Providers had access to the consolidated data but their reporting of SLAs was their responsibility and they were therefore required to ensure they captured the necessary data.

Results and lessons learned

The implementation was considered successful and the SIAM contract was renewed at the end of the first five-year term.

- The transition was successful, with almost no impact to business operations resulting from the big bang approach due to the very high levels of risk and contingency planning;
- Approximately 15% saving were achieved due to new outsourcing deals and contract models;
- Another similar saving was achieved after transition from aligning the system integration planning to the Service Integration model – whilst increasing the amount of project work completed each year. This was a significant improvement in the KPI related to the ratio of maintenance to new function expenditure;
- The transition used service delivery staff to augment implementation – this allowed good engagement, transition to service and reduced training costs because the BAU people were involved up front. The down side is that it was difficult to perform a transformation activity with service delivery priorities for the staff;
- Even though the retained IT organization was considered ‘thin’ at less than 10% of total headcount estimates, it was large enough to require communication and education related to the new model. The retained organization was generally a ‘change ready’ team and viewed the changes as an opportunity;
- In the early stages of implementation, the SIAM function learned that a standard process, when implemented manually in different geographies, could be used very differently. This caused a significant re-work of the change process automation.

Since the implementation was a very early one with very high risk due to the size and relative novelty of the solution, a significant amount of planning and risk mitigation had to be performed. Much of the planning and design had to be considered from a first principles perspective. This is why it took two years to plan, including the contract negotiations.

1.9.2 Case study 2 – Global energy company

Situation/context

The IT department of a global energy company, operating in 26 countries and supporting all corporate functions, had been through a major program of outsourcing over a three year period. During that time, they had selected major Service Providers split across five major service areas:

- Infrastructure and end-user services, including service desk and desk-side services;
- Application maintenance services split across two Service Providers, one for subsurface applications and another for surface and enterprise applications;
- Application development services had been procured through a framework agreement with two providers who were shortlist bidders for new development projects;
- Security services including security tools and identity and access management;
- Service integration services.

In addition to these major contracts, there were smaller, local delivery teams, both retained resources and local service providers embedded in the operating assets across the world. The retained organization was focused on governance and management of these major Service Providers and local delivery teams.

The objectives of the outsourcing program had been to:

- Reduce cost – operational and project;
- Improve service;
- Reduce the time taken to develop and deploy new services;
- Access new skills and expertise.

Post transition of the outsourcing agreements, based on budgets and customer and consumer satisfaction feedback, it was generally agreed that something had to change – the objectives were not being achieved.

The major problems to be resolved included:

- The retained organization had become too focused on the outputs of the Service Providers and lost sight of the service being delivered to the end user:
 - Reporting and metrics were based on an amalgamation of each Service Providers information and would take four to six weeks to go through all the reviews before they could be published;
 - Retained staff had become either:
 - Reactive to the Service Providers – providing approvals upon request, rather than providing the structure for delivery; or
 - Prescriptive to the Service Providers – directing individual resources within the Service Providers at the task level, therefore accepting delivery risk back to the retained organization;
- The SIAM function was focused on delivering a three year transformation of staged process implementation which was struggling to gain acceptance from the Service Providers;
- The mandate for all Service Providers to use the same IT Service Management tooling, coupled with a poorly defined and executed implementation, meant that the integrated tools suite was hampering rather than enabling the delivery of services;
- The retained organization's focus on service provider boundaries had led to barriers to effective communication which was impacting decision making and planning.

Solution aspects and constraints

- The customer did not want to go into wholesale contract change in the middle of the contract terms. The planned renewals in 2017 would offer the opportunity to contract in new ways but in the interim, they needed to achieve some of the benefits expected from the first round of outsourcing.
- They were constrained by the need to get people focused on a single set of data that was meaningful in terms of the end-user experience without triggering all the contractual exclusion clauses that would allow Service Providers to abdicate from their accountabilities.

Findings from data analysis needed to be released from the long-winded discussions about exemptions and scope-boundaries and focus on how to achieve outcomes. The ecosystem as a whole needed to be able to react to real-time metrics and near real-time data.

- They needed to measure the experience the end-users were receiving from IT and focus on service providers' results in that context. They wanted to use that data to drive investment and transformation initiatives rather than the two year-old long-term plans that were established at contract signature with each Service Provider in isolation.
- They needed to find a way for all partners to collaborate on the things that would either:
 - Bring direct benefit to them in terms of service improvement or cost reduction; or
 - That they could invest in, in the short term, trusting that benefit would be coming for them in the next iteration.
- They needed to enable the organization to react quickly to new findings in data and new priorities from a business perspective, without getting caught up in contractual discussions to adjust targets and priorities.
- There was a necessity to provide communications and updates about the successes and future plans to all stakeholders, using language that they would recognize as a meaningful achievement or goal.

Implementation plan

A set of objectives were defined to address the situation:

1. Change the focus of the retained organization from supplier-focused to customer-focused:
 - a. Retained resources needed to be able to understand any issues with the service being provided to the end-users and prioritize based on that end-user impact;
 - b. Implement measurement of end-to-end business services and aggregated business service lines to measure service as received by the user;
2. Establish a culture of collaboration and improvement within all of the teams:
 - a. Internal collaboration between teams;
 - b. External collaboration between retained IT and Service Providers;
 - c. External collaboration with the business to understand priorities;
3. Establish a set of baseline measures and invest in reporting to give a single foundation data set to support collaboration and act as a basis for all future improvement planning;
4. Integrate the required functions within the organization to facilitate more rapid decision making and closer collaboration;
5. Update the SIAM contract to enable a mix of objectives based on short-term and long term service outcomes;
6. Establish ongoing communication of both the vision and the progress that has been made in terms that mean something to the stakeholders.

Results and lessons learned

For this company, the experience has been a positive one in many ways. Closer collaboration between the different parts of IT and Service Providers has led to more positive and creative working relationships. An internal IT re-organization has re-emphasized the importance of the business service line model by aligning the teams into business domains which bring together strategy, projects and operations for each domain into a single team.

The specific results achieved by this transformation include:

- Significant savings were realized through contract re-negotiation based on reducing the number of contractual SLAs to those that really matter and increased confidence and efficiency;
- Greatly improved IT metrics:
 - 65% reduction in incident and service request backlog;
 - P1 incidents down by 30%;
 - P2 incidents down by 45%;
 - Reduction in overall incidents resolution time by 30%;
 - Improved customer satisfaction to 90%;
 - 40% reduction in planned down-time;
 - Failed change <1%;
 - Expedited change <7%;
- Implementation of new IT capabilities:
 - Deployed online user self-service with 150 cross-supplier service request types;
 - Reduced time to report from four weeks to real-time;
 - Implemented cross-supplier incident resolution SLAs (92% compliance);
 - Implemented service request targets at both the request and task level and improved achievement to 90%;
- Related achievements:
 - All Service Providers worked on, or integrated to a single toolset driving real-time reporting and dashboards. Tools are integrated to achieve effective real-time data and analytics;
 - A CMDB linked to end-user experience monitoring and measuring the top 40 application services. All Service Provider services required to deliver the business service are measured and monitored in real-time with integration into the ITSM tool to record incidents.

The principle lesson learned through this transformation has been that a successful SIAM implementation is not something that can be done *to* an organization. Even with the best outsourced partners the retained organization must be willing to adapt to the new approach as well. In this case study the following changes were made affecting the retained organization:

- Moved from supplier-focused to customer-centric;
- Established a culture of collaboration and improvement across the ecosystem;
- Established a set of baseline measures and invested in reporting;
- Adapted the organization to enable rapid decision making and closer collaboration;
- When sourcing SIAM services, recognized that the contract must be implemented in the right way;
- Continually communicated both the vision and the progress made towards it.

By establishing the right culture, even without significant contractual change, significant value can be achieved.

1.9.3 Case study 3 – European bank

Situation/context

The IT organization of a European bank (supporting all corporate functions) had implemented and managed their first generation of outsourcing contracts over a five-year period. During that time, they had established and managed major Service Providers split across major service areas:

- Application maintenance services split across three external Service Providers and a large number of small internal application management groups;
- Data center and end-user infrastructure services, including service desk and desk-side services from a infrastructure service provider; this Service Provider was also contracted to ensure end-to-end control as the service guardian;
- Network services from a network provider;
- Telephony services from a telecom provider.

The retained organization was focused on the governance and management of these major Service Providers.

When renewals of the contracts were approaching, the opportunity was used to re-evaluate the current environment and a number of deficiencies were identified. The major deficiencies were:

- End user satisfaction was too low, although service level performance by the external Service Providers met the required service levels;
- Uncontrolled growth of infrastructure resources;
- There had been many scope discussions amongst the service guardian provider and the other Service Providers. Service guardian was forced to work beyond their scope as they were end-to-end responsible;
- Service Integration function was only half implemented; several Service Providers operated directly with the bank, bypassing Service Integrator. This made the Service Integrator ineffective;
- Service level performance of the internal resolver groups was lacking;
- Sub-optimal problem management existed as a result of inconsistency of problem management service level definitions amongst the contracts.

Resulting from the analysis, the following objectives for the outsourcing program were set:

- Reduce operational cost;
- Improve service;
- Improve end-to-end control by the Service Integrator and collaboration across Service Providers.

Solution aspects and constraints

As part of the solution, a distinction was made between major Service Providers and other Service Providers including internal departments. This new solution was required to improve control over these major Service Providers.

The new contracts with the major Service Providers contained several additional elements, which were equal for all major Service Providers:

- Acknowledgement of, and adherence to, the Integrator role of the service guardian;
- Acknowledgement by the retained departments that they were internal Service Providers;
- Transparency of data amongst the Service Providers (with the exception of commercial data);
- A multi-supplier common KPI model, in which every major Service Provider is accountable for contribution to end-to-end results;
- Multi-supplier governance structures.

Implementation plan

A program was set up to renew all outsourcing contracts at the same time, using the same set of consistent terms, conditions and service levels – in effect a standardized cross functional scope of work.

The outsourcing engagement program was run by in collaboration between infrastructure, networking and telephony procurement departments of the bank, supporting consistency across the contracts. This was the first, very important, cross-departmental collaboration required.

In the negotiations phase, the approach was to establish agreed roles and responsibilities with the service guardian first. As a result these roles and responsibilities became a constraint for the other major Service Providers with limited room to make changes. The same roles and responsibilities were shared with the internal Service Providers.

The transformation plan included several improvement projects:

- Definition of a multi-supplier RASCI table (Responsible, Accountable, Supporting, Consulted, Informed) for all ITIL processes in scope using round table workshops with all major service suppliers led by the service guardian provider;
- Inclusion of the defined RASCI table into the OLAs amongst all Service Providers, including internal;
- Development and implementation of an onboarding procedure to ensure positioning of new Service Providers in the service support structure;
- Implementation of the common KPI model and multi-supplier governance.

Results and lessons learned

- The expected cost savings were achieved as a result of the contract renewals;
- End-to-end availability of the critical business services went up from 95% at the start of the service guardian role to over 99% as a result of the changed emphasis on the aggregated services;
- A communication plan targeting all levels of stakeholders is needed to support the changed expectations and required behaviors;

- Open communication and discussion is needed to gain mutual trust and respect. False consensus – where people appear to agree in order to avoid conflict but do not follow through – is not helpful;
- These types of changes do not happen overnight – there is a cultural change aspect required as well;
- For the common KPI model: first year was to learn and start cooperating, second year to stabilize measurement and reporting, and improve practices, real improvement on the KPI outcomes occurred in the third year.

1.9.4 Summary

These case studies were implemented independently from each other, without the knowledge from the UK government example (Holland, Axelos.com, 2015). That they were developed independently and have some different approaches is not a surprise given that the community of practice for Service Integration was not established. What is interesting is the factors that are similar and seem to be correlated with ‘successful’ implementation. It will be these similarities that are recommended throughout the rest of this book, noting that there is not (at least not yet) a ‘one size fits all’ answer. The book will highlight as ‘practitioner tips’ those patterns highly correlated with success, and cautions against ‘anti-patterns’ that are highly correlated with problems.

The one, astoundingly clear, observation is that Service Integration is not just a technology problem. Changing the way the people think about Service Providers as partners in an ecosystem (symbiotic relationships) and ensuring clarity of roles are critically important factors. Changes to processes can support this ecosystem thinking and role clarity. The contractual agreements can (should) support the process models. The technology makes the processes an order of magnitude more efficient and has enormous value in analytics. However, experience shows that without a change to the way in which people work, the other elements will not deliver the expected value.

There are still differences of opinion on many topics within the Service Integration community. For the reader to make their own decision, the reasons for these differences of opinion must be analysed. The authors of this book have spent many hours, collectively and independently, on such analysis and the recommendations contained are the result of this. However the authors encourage the readers, as famously quoted by Thomas J. Watson (of IBM fame), to THINK!