

Ensuring Business Case Achievement of a Transition of IT Services

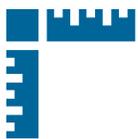
Our client needed an application support solution for their newly developed platform along with **access to key skills** and **resource elasticity**.

After spending two years working with multiple third parties to build a sophisticated suite of applications for their core delivery operations and customer service, our client, the CIO of a major North American oil and gas pipelines company, faced immense growth in the complexity, criticality, and number of applications being supported by IT. In preparation for the new platform coming online, our client needed an application support solution that would ensure the **quality** of the ongoing support for the newly developed platform; provide **access to key skills**; enable **resource elasticity** through on-demand capacity; **deliver cost predictability**; and **go live prior to the critical launch date** of the new platform.

the first two phases define the value proposition but it's the transition that is critical to capturing value

Everest Group led the effort to **define the value proposition** and **capture value**, approaching it in three phases.

Phase 1: Frame the challenge



In this phase, we framed the challenge – by working with our client's business and IT leaders to develop a detailed understanding of the as-is environment, the to-be environment, and the associated risks and issues. We defined alternatives and an optimal strategy to meet their need, based on a fixed pool of application development resources, pre-negotiated optional elasticity – and flexibility to adapt the pool with business fluctuations. We also developed a business case based on market comparables.

Phase 2: Identify viable provider candidates



We conducted a competitive process, rapidly narrowed viable candidates, and negotiated an agreement based on pricing and service level mechanism best practices.

Phase 3: Transition to capture value



We lead the transition to the new delivery model, providing a single point of leadership for a "joint" transition program involving staff from both our client and the service provider.

In our experience, the transition phase is vital and often undervalued. A well run transition positions both the client and service provider for long-term sustainable value by



Establishing the tone of the relationship and building a positive internal perception of the partner and the new delivery model with both IT and the business



Ensuring the delivery of expected benefits and preventing benefit delays



Avoiding unanticipated transition costs and minimizing productivity loss and/or quality during transition



Setting expectations with all stakeholders – to avoid surprises and preparing for changes to internal processes, roles, and organizations on a timely basis through effective change management



Enabling everyone to hit the ground running

While savings were not the primary objective for the client, we were able to identify savings of over \$35 million

Most importantly, our client was prepared to support both their new platform and their legacy applications with the quality and cost predictability they needed on day one, and the resource elasticity and access to skills that they needed over time

We brought a unique combination of strategy and real-world experience to successfully direct even the most complex of transition programs. Two principles guide our transition management:

- The tone of the relationship set during transition will directly impact value captured over the long term, either positively or negatively. Successful transitions are best run as joint programs with shared objectives, integrated plans, and joint problem solving.
- Transitions require executive program leadership – that is, distinct from project management. A successful transition executive sets the agenda for the program, operating at a strategic level to set up the relationship and business processes for long-term success

Contact **Mark Lade**, Associate Partner, to learn more about how we can help you with your transition challenges.
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