OneNeck White Paper

How to Find a Best–in–Class AX Management and Hosting Provider

THE SECRET TO SUCCESSFULLY FINDING AN AX MANAGEMENT AND HOSTING PROVIDER

Why is it that some companies seem to be able to partner with independent IT services providers with very little drama while others struggle at every turn? What are the keys that have led to successful outcomes in strategic sourcing an enterprise application such as Microsoft Dynamics AX? What are some of the lessons learned from those situations that were less successful?

First and foremost, it is all about adapting to change. Companies that struggle with IT partnership relationships typically are not ready for the change that ensues or their partner has not taken the right steps to help guide the customer through the changes. No matter how seamlessly it happens, partnering creates change. It changes internal IT operations. It changes the dynamics between the business and IT. When change like this occurs, expectations need to be reset. For every improvement outsourcing brings to the company (strategic allocation of assets, technical breadth and depth, cost predictability), there is a corresponding change in dynamics and interactions. A best-in-class IT solutions providers recognizes this, helps reset expectations around new processes or adapts to existing processes to ensure that what is working isn't lost in the transition.

> Experienced and qualified AX providers listen first, ask questions, and then provide solutions. They get to know your requirements before making recommendations.

For example, in many companies that have in-house IT departments, business users are accustomed to calling IT, requesting a custom report and receiving relatively immediate response. In transitioning to a partner, you must reset the business users' expectations and demonstrate that with a little bit of notice, they can obtain the same or better reporting at a reduced cost.

A good IT partner, especially one looking to establish a strategic AX management relationship, will do its homework and propose a governance structure, escalation procedures, change control and an operational policy to track and manage the IT assets, applications, users and infrastructure – all based on a company's unique needs. This governance structure will ultimately add tremendous value in predictability, management and process control. The likelihood of the partnership succeeding increases dramatically if the company is willing and prepared to work with its IT provider to align and improve operations.

THE FOUR Cs OF A BEST–IN–CLASS OUTSOURCER

The best AX management and hosting providers will, of course, meet all your technical requirements. Based on our experience with our customers, however, the following four attributes often determine the difference between success and failure.

- **Culture:** Nothing can sink a partnership faster than a clash of cultures. The people who will be working with the IT provider must feel comfortable with them. Does the provider have a social style and manner of communication that will sit well with the team? Some factors to consider include: expectations, values, style, service level, humor, professionalism, formality and background.

- **Cost:** While cost may not be the primary reason to undertake an IT partnership, it's always an important one. How will the AX management provider help you reduce, manage and/or avoid costs? Will you be able to maintain predictable costs over multiple year agreements while avoiding many of the typical capital expenditures relative to technology? How will ongoing continuous improvement affect cost savings?

- **Confidence:** Does the provider convey an appropriate balance of assurance and humility? Confidence is an important factor for the provider to win over audiences and earn trust. While your provider and their team may have solid credentials, vertical expertise, skills and other pertinent qualifications, validation of their work is critical. Where did they gain the expertise and experience? Are their customers willing to provide references for their unique experiences and successes while working with the provider?

- **Commitment:** This may seem obvious, but it's often overlooked. It is as important that the company looking to find a partner for their IT environment be as committed to the success of the project as the IT provider. Issues relating to each include:
    Client Company: Is there support or opposition from within the company that could either enhance or reduce chances of success? What is at risk to the company if the project fails (e.g., lost time to market, costs, reputation with customers or shareholders, competitive advantage, etc.)?
    IT Provider: Why do they want to do this work (e.g., money, enhanced reputation, shared values)? What stake do they have in the success of the project? What is their risk if the project fails? Are they a safe choice, and do they have the financial stability and vision to be around down the road?

Organizations that want to increase their chances of success will organize their selection criteria around these four Cs. A proven partner will demonstrate how they add value in each category – as opposed to AX management providers who are willing to just take your order and go about filling it without first understanding your business or your IT requirements thoroughly. Experienced, qualified AX providers listen first, ask and answer questions, and then provide solutions. They get to know your requirements and then provide a detailed, thorough explanation.

THE FOUR Cs GUIDE GOVERNANCE

The skills needed to manage a strategic partner are different from those needed to run an IT department. When you have made the decision and find the right partner, it's imperative to ensure that the price, performance, predictability and quality meet or exceed expectations. That's why you must have a clear process of governance in place.

The best governance structures are built on principles and guidelines instead of rules. OneNeck® IT Solutions believes the governance process should not just be focused on the quality of specific services or the contract terms and conditions. It should also prevent value erosion and preserve the end user experience over time. So, as you work to establish and maintain cultural alignment, you'll want to avoid building a structure that motivates your partner to merely satisfy the contract. Instead, you'll want to establish alignment that rewards your partner to deliver value beyond the statistics.

When designing the governance framework, consider the following:

- **Customer Care Model:** Be sure to clearly articulate your expectations when it comes to customer care. How often will communication take place? How many customer managers will be assigned to your account? What kind of reporting structure will be in place? How flexible will your partner be in terms of adapting their structure and processes to meet your needs? Will you have a single point of contact?

- **Service Level Agreement (SLA):** The foundation of your service package will be the SLA. It should define the process, service levels, checks and balances, and reporting mechanism for your IT partnership agreement. Ask how your SLA will be monitored and make sure you have independent access to a dashboard or other monitoring system. Typical SLAs consist of various availability or performance metrics. Also, consider the inclusion of softer SLA components such as user satisfaction ratings, the number of end user complaints and effective escalation adherence.

- **Quality of Service (QoS) Reporting:** Work with your AX management partner to define your metrics for QoS. It's important to know the time frames involved in the reporting process and what kind of problem resolution structures are in place.

- **Adherence to IT Best Practices:** Any provider can say they adhere to IT best practices, but what's the authoritative source that confirms these practices? Internal metrics and practices are not enough. The IT Infrastructure Library (ITIL) is an example of an authoritative source of best practices. The ITIL is a globally recognized framework used to aid the implementation of a best practices framework for IT Service Management. We at OneNeck IT Solutions have strongly aligned with ITIL; in fact, it is core to our delivery model, shaping and guiding our processes across the breadth of our operations. We additionally leverage concepts from other industry standards in the process management space including Six Sigma and Lean to ensure that our processes are efficient, auditable and improve over time.

- **Problem Resolution:** Every prospective IT partner should have clearly defined issue identification, escalation, resolution and communication processes. Make sure the extent of your desired involvement in the problem resolution process is understood and clearly documented. An exemplary problem management process (and the customer's trust in the process) is a key driver in allowing IT management to focus on "strategic" priorities. These processes should go beyond what's normally included as part of your SLA and are a key component in building and maintaining a harmonious, long-term relationship.

- **Resilience of Communication:** Another aspect of ensuring continued alignment is a multilevel communications framework. A successful communication structure is best served by multiple interaction points at varying levels of seniority between your company and your partner. As in any good relationship, there is no substitute for frequent, face-to-face meetings. If the partner isn't geographically close, work out a schedule in advance for meetings and protect those dates. Video conferencing and collaborative online meetings can also go a long way toward fostering open, honest communications.

- **Senior Leadership Involvement:** On both sides of the partnership, the involvement of strong, senior leadership is paramount to a successful governance program. Only through this involvement will the needs of the business align with the service delivery program. Both parties must communicate on a strategic basis and not on a cost-centered basis.

- **Advocacy:** Your partner should have a separate management structure for customer advocacy and internal operational execution. One person wearing many hats may sound like it will save you money, but it will cost you intimacy with your AX management provider.

- **Agility:** Your partner needs to adapt to your changing needs. While most are very flexible when expanding services, few are equally flexible when it comes to adapting process in the midst of an agreement or reducing services you no longer want. This is a key factor to the relationship's longevity.

- **Continuous Improvement:** Make sure your AX management provider has an established continuous improvement program that identifies and addresses inconsistencies in process execution while driving the service provider to consistent, predictable outcomes. It's critical you and your provider measure productivity and adopt new ways to improve operations. You will also need to identify and discontinue activities that do not add value.

Governance in the context of the four Cs will be a primary factor in determining the success of a relationship over time. By aligning with your desired governance, a service provider can better ensure sustained results and your ongoing satisfaction.

CONSISTENT MEASUREMENT IS ESSENTIAL TO EFFECTIVE MANAGEMENT

According to a Gartner study, 38 percent of respondents indicated dissatisfaction with their managed application services provider and contract. The top five reasons for the dissatisfaction:

- Miscommunication

- Lack of understanding of customer goals

- Inability to measure and monitor performance

- No accurate baseline prior to the partnership

- Changing customer requirements

A key to avoiding these causes of dissatisfaction is transparency and visibility into your service provider's data for your environment. Analytics for application availability, incident management, technical SLAs, continuous improvement, end user productivity, total cost of operations and customer satisfaction from actual customers are excellent indicators of the service levels you can expect to receive.

Best-in-class providers such as OneNeck IT Solutions never shy away from sharing their internal metrics with prospective and existing customers. We use a number of different metrics, some of them very technical, some of them commercial or contractual, and some of them focused on customer satisfaction, just to name a few. For example, we measure customer satisfaction levels using the Net Promoter Score (NPS). Developed by Frederick Reichheld, this customer loyalty measurement asks one question: "On a scale from 1 – 10, where 1 is unlikely and 10 is very likely, how likely is it that you would recommend OneNeck IT Solutions to a friend or colleague?"

For 2012, OneNeck IT Solutions' most recent annual NPS survey, customers rated the company 79 percent. A score of 75 to 80 percent is considered "world class." For comparison purposes, Costco rated 77 percent, Apple 72 percent, Amazon 70 percent, Southwest Airlines 59 percent, Google 53 percent and Facebook 52 percent.

ONE FOR ALL

The best strategic relationships are those where it's hard to tell the client from the service provider. To ensure this type of partnership, focus on incorporating the four Cs into your selection process: cost, culture, confidence and commitment. Then, pay particular attention to creating a mutually beneficial governance framework by focusing on principles rather than rules. Finally, ask your partner to provide analytics and data indicative of past and ongoing performance. This data should provide a meaningful indicator of how they'll likely perform for you.

For information on deploying AX in the cloud, download our white paper titled "How Cloud Services Can Transform AX Management."

ABOUT ONENECK IT SOLUTIONS

OneNeck IT Solutions offers a full suite of cloud and hosting solutions, managed services, ERP management, professional services, IT hardware and top tier data centers. OneNeck is a high-performance, integrity-filled team of technology professionals managing secure, world-class IT infrastructure and applications. The goal of OneNeck is to help customers adapt to changing technologies and thrive during the deployment of new, enhanced IT solutions.

OneNeck delivers solutions that are built on high availability infrastructure, supported by exceptional customer service and backed by the financial strength of Telephone and Data Systems™, a Fortune 500® company. This combination allows OneNeck to offer a comprehensive solution based on proven products and services to meet the strategic and tactical needs of the most demanding mid-market and enterprise companies across the country.

Highly certified engineers, strategic partnerships with global technology leaders and world-class infrastructure uniquely position OneNeck IT Solutions to deliver tailored end-to-end solutions for your business.

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