



Remote Infrastructure Management Outsourcing

The current economic climate, the need to quickly adopt new technologies, and rapidly changing business requirements are forcing organizations to rethink their IT operations.

Traditionally, IT infrastructure outsourcing and remote infrastructure management (RIM) have been used to help organizations offload routine tasks to cut costs and free up their internal IT staff for other work, but something more is now needed.

Increasingly, organizations are using RIM for additional purposes, such as reducing the risk of systems failure, rapid access to expertise on new technologies like virtualization, and for expanding IT support and services to more sites and users. Additionally, organizations find they need more refined service offerings that allow them to selectively and confidently turn over the management of specific tasks. For instance, instead of outsourcing management of an entire data center, an organization might only want help monitoring its accounts payable servers.

Given the critical importance of IT infrastructure management, selecting the right RIM partner is one of the most crucial decisions an IT organization or business executive will make. When choosing a RIM provider, organizations must consider a broad range of factors, including cost, security and data privacy, experience, flexibility, and value creation.

This paper describes recent trends in RIM

outsourcing and outlines the critical factors to consider when selecting a strategic partner.

MARKET DRIVERS

There's no doubt that outsourcing is on the rise. According to Gartner, Inc.¹, Worldwide IT services revenues were \$806 billion in 2008. That figure was up 8.2 percent over 2007.

Driving the market is the need by organizations to cut costs to a higher degree than they have had to cut before. At the same time, organizations still need the IT capabilities to support new business as it comes along. This requires a balancing act, juggling the need for short-term cost savings while positioning the company for future growth.

This trend is compounded by the impact of industry layoffs. Network World recently reports, "With planned job cuts in January 2009 reaching a seven-year high, more companies are looking to alternative delivery and acquisition models for IT services and application resources."

EMERGENCE OF RIM OUTSOURCING

Essentially, RIM is becoming more widely used because of the flexibility and level of control it imparts to an organization.

For example, a traditional IT operation's outsourcing plan might have a provider manage an entire data center, or completely host all core applications in a provider-owned facility. A managed services offering would have the provider own and fully manage all

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¹ Gartner, Inc. "IT Services Market Metrics Worldwide Market Share: Database 14 May 2009" by Kathryn Hale, John-David Lovelock, Dean Blackmore, Freddie Ng, May 14, 2009



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of the IT equipment needed to support, for example, firewall or spam filtering operations.

In contrast, with RIM, the organization would control the equipment selection and procurement, and the provider would simply take over a specific task as acutely focused as managing one application's servers to supporting broader initiatives, such as supporting a call center's applications and users.

This flexibility and granular level of service delivery is highly appealing to many organizations. According to a 2007 report by Everest Research Institute, the RIM outsourcing market is growing at about 60 percent annually. That's significantly higher than the anticipated growth in the overall outsourcing market.

Others also foresee RIM's huge potential. For instance, a 2008 McKinsey & Company study estimated that the total market for RIM services is \$96 billion to \$104 billion, of which \$26 billion to \$28 billion is likely to be realized by 2013.

In a 2008 large scale survey of North American and European IT decision makers, Forrester Research determined that 48% of respondents are either considering or will outsource using RIM services over the next 12 months².

Gartner as well has forecast that 70% of all North American companies will have RIM service contracts by 2012.³

The most important thing to note is that companies that hire RIM outsourcing partners are buying critical services rather than simply obtaining technical support.

Services provided can include the monitoring and management of servers, databases, applications, storage, middleware messaging, networks, security, and desktop systems. Additionally, an organization might rely on a RIM provider to help with a data center consolidation project, risk management, or capacity planning.

With such involvement in IT operations, the relationships between outsourcing providers and their clients are strategic partnerships that have a major impact on the success of the client organization.

What are the most critical factors considered when selecting a RIM service provider? According to 2008 Ziff Davis Enterprise survey of IT decision-makers, the service provider's technical expertise tops the list. This is followed by service guarantees offered by the provider, and guaranteed response times to resolve problems. Respondents did not consider location of the provider's operation center to be very important, according to the survey.

Decision-makers in the survey see many advantages to outsourcing IT management. In particular, the traditional reasons for outsourcing, such as reducing staffing demands and cutting costs, are still important.

But many also consider the ability to leverage the provider's expertise in new technology areas, and the provider's **use of industry best practices to improve operations** as very important. These areas are key differentiators that set RIM providers apart from traditional IT outsourcing companies. Again, this emphasizes the point that RIM outsourcing is a new approach that focuses on services.

As RIM becomes more popular, there has been a shift in demand from basic management services to help with more complex initiatives. The reason: While the initial emphasis has been on cost reduction, RIM is

² Forrester Research "The Current State Of Global IT Infrastructure Outsourcing" Teleconference, Paul Roehrig, PhD, June 6, 2009

³ Gartner, Inc. "An Overview of the Remote Infrastructure Services Market" by Eric Goodness, Aug. 20, 2008



being used for its business benefits and strategic impact on the organization. As such, there are new demands being placed on service providers.

CHOOSING A PARTNER

Choosing the right RIM service provider is critical to the success of any outsourcing endeavor. With IT infrastructure management, too much is at stake to choose a partner that doesn't completely understand the needs of the client and how technology supports its business objectives.

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Service providers must be able to accommodate the 24x7 operations of a global enterprise. According to the Ziff Davis Enterprise survey, the most important factors to be addressed before partnering with a RIM provider are service levels and response times, and the hours of operation of manned staffing.

Most providers offer similar basic services and benefits. For instance, most will help you cut costs and ensure that operations are secure. But key differentiating factors to consider as well when evaluating a provider include:

Transparency and visibility into service delivery. If problems should arise related to IT service delivery, how visible will those problems be to a client? A RIM provider must be able to deliver transparent services that let the client know what problems occurred, root cause analysis, and how they were addressed.

Flexibility. Another key requirement is the ability to support rapid time-to-market. Customers expect fast response, and the competitive nature of global business requires that companies be able to move quickly—whether it's introducing new products, moving into new locations, or focusing on new target industries. A RIM service provider should have the global coverage and latest Web 2.0 capabilities needed for virtual collaboration worldwide.

Value creation. Does the service provider offer technology architecture, strategy, and management capabilities that provide true value to the client? Buyers need to ask prospective outsourcing partners specifically what value they bring in terms of overall operational improvements and IT/business alignment, and service providers must give an accounting of value they will deliver.

Maturity of processes and delivery. A provider must deliver consistent performance. At a minimum, the provider must embrace a framework such as ITIL. But the provider must also strive for continuous improvement, maturing its services over time. The key is to use a metrics-driven approach where an operational framework clearly defines operations and milestones for every form of service, as well as measures continuous improvements.

Stringent SLAs. A major requirement for any type of outsourcing project is guaranteeing high service levels. For example, critical business applications must be available and responsive, software must be updated regularly, and calls to the support desk must be resolved quickly. An outsourcing partner must be able to meet the most stringent SLAs demanded by clients. And based on the particular function supported, the provider must offer customized SLAs honed to the specific requirements of that business operation.

By exploring these areas when looking at prospective service providers, enterprises will ensure that they're selecting a strategic partner that will help IT support the business goals of the organization.

ENTER COGNIZANT RIM 2.0

Cognizant is a leader in RIM via a global delivery model. It offers a comprehensive portfolio of managed and professional services, and its clients are global leaders in their industries.

Going beyond traditional RIM, Cognizant offers RIM 2.0 next-generation infrastructure services. RIM 2.0 allows organizations to enter into an outsourcing experience at their own pace, using SLA-based services with predictable and consistent results.



With RIM 2.0, Cognizant has created a new foundation in IT infrastructure services based on four pillars that ensure predictable and superior results.

The first pillar is the **platform**. Cognizant uses high levels of automation to drive services delivery. This ensures consistent delivery of services.

Specifically, Cognizant can help manage operations by using an organization's existing management and monitoring tools, or by using a Cognizant-developed and supported, ITIL-based, client-facing operations framework and workflow engine called the OnTarget™ Management Platform. Essentially, OnTarget is a tightly integrated platform that covers all service delivery phases, ensuring delivery excellence and smooth scaling.

The second pillar is service **productization**. With RIM 2.0, each service is fully defined with platform architecture, documented ITIL operational processes, and run books. This pre-built catalog of services ensures high-quality service and consistent results each and every time.

Cognizant's productized service model starts with a detailed description of market and technical requirements, driving all aspects of service development. A Standard Statement of Work for service deliverables ensures consistency, with Cognizant delivering the same service each and every time.

Further, customers can select services by technology domain, or even down to a specific device. For instance, one organization might hand off only support for its manufacturing ERP applications and associated servers. In another organization, the support might extend to managing all IT hardware enterprise-wide.

The third pillar is Cognizant's **operations maturity model**. Where traditional RIM might measure success in meeting a static SLA, Cognizant's approach is to support

a culture of continuous improvement. In particular, the maturity model starts with process definition, implementation, and compliance to ITIL-based processes and methodologies. Next, Cognizant uses regular process audits and unique operations maturity indexes to ensure best-in-class service. Then, it employs continuous improvement plans and Six Sigma initiatives to achieve consistent delivery excellence.

Cognizant also provides comprehensive visibility into its service delivery via numerous metrics and real-time reporting. Available items include reports on availability, trouble tickets, network performance, server performance, application performance, security, critical SLAs, and more. Information is also available on IT service continuity, configuration management, change and release management, people management, and more.

The fourth pillar is the **global delivery model**. RIM 2.0 gives organizations great flexibility in the choice of services, and how and where they are delivered. Onshore professional services teams are available to provide higher-end resources for project-based architectural and design work. Remote monitoring services can be provided (seamlessly 24x7 using the OnTarget™ Platform) from any of Cognizant's network operations centers. An organization can opt for as little or as much onsite vs. offshore help it wants or needs. And the RIM 2.0 Framework ensures consistency and quality in delivery no matter where the services are provided.

Finally, Cognizant provides vertical industry domain knowledge as well as technology expertise. Areas of specialty include insurance, banking, and financial services; consumer goods; healthcare and life sciences; media and entertainment; manufacturing and logistics; retail; travel and hospitality; technology; and communications. ■

To learn more about Cognizant RIM 2.0 services, visit:
<http://www.cognizant.com/html/solutions/services/itis/infraMgt.asp>