



Executive Brief

Why are companies turning to managed services?

Like you, they want to improve their bottom line



With managed services, you can:

Cut operational costs by up to 50%.

Improve system availability and uptime.

Focus on your core business.

Increase productivity.

Reduce risk.

Executive summary

No matter what industry you're in, you face challenges. You're trying to manage increasingly unpredictable or escalating IT costs. You're also trying to manage the increased risk of introducing new hardware and software. Plus, your already-stretched IT organization must be able to handle the potential loss of a key team member. Not only that, a divestiture or acquisition might impact your ability to continue providing a high level of customer service.

Faced with the ongoing need to save money and stay competitive, you need to take a long, hard look at your spending on IT infrastructure and services. Like many companies, yours may use outsourcing to meet skill requirements on your IT services staff. But over time, that strategy can lead to higher costs and risks.

By moving to some type of managed services model, you can take advantage of the latest software features and functionality without needing specific skill sets for web services, XML, and Java. Plus, you won't have to manage massive server farms to get the value you need from your software deployment.

Given that you can cut operational costs by up to 50% by switching to managed services, if you haven't considered making the move for your financial and ERP systems, you might be short-changing your bottom line.

Join the AMS evolution

Demand for third-party application managed services (AMS) is growing fast, and expected to grow still more quickly in the future. In part, this is driven by on-demand, real-time computing, which creates the need for systems with 100% availability and uptime.

Increasingly, commercial enterprises are using managed services—and planning to augment their use of managed services—to improve availability and uptime.

Like those companies, you can outsource the technical administration of your ERP solution, so you can focus on your core business. You'll no longer have to worry about back-end IT work such as day-to-day application support, help desk administration, and customization care. Instead, you can focus on the front end, using the application to derive the business benefits it's designed to deliver. In other words, with AMS running your software, you can concentrate on running your business.

Save money, reduce risk, and improve system reliability with application managed services, which eliminate the headaches of managing your financial and ERP systems.

You'll get a service level agreement (SLA) that's tailored to your exact requirements, so you can stay current on application versions, increase your productivity, and reduce the total cost of application ownership.

Stay competitive with AMS

In a competitive business environment, the best way to ensure the continuity, agility, and operational excellence of your business is to trust your infrastructure to AMS.

You'll get:

- Predictable IT expenses
- Diversified skill sets
- Best practices
- SLA-driven solution delivery
- Blended models (remote and on-site)

Plus, you'll benefit from:

Cost savings

Cost is clearly a key factor in staying competitive. And with AMS, you can optimize processes to reduce IT spending.

Instead of employing full-time specialists in areas such as database and server support, your IT team can access specific skills only when it needs them, and pay only for this dedicated period.

Up-to-date knowledge

Technology changes very quickly. It's difficult—and expensive—for IT teams to stay on top of every development of just one application, let alone a suite of programs and solutions. From an end-user perspective, it's also unlikely that someone on your team will be able to solve every problem in every single functional area of the business. Recruiting those skills is also increasingly difficult and expensive.

When you consider the fact that you're probably running a wide range of legacy systems—all of which need to be supported and maintained over their lifecycles—this point becomes even more relevant. With AMS, you can free up your IT team from these tasks.

Using AMS, your IT teams can access specific, up-to-date knowledge when they need it. At the same time, they can draw on a wide range of knowledge about legacy systems when—and only when—they need it. You don't need to have a permanent resource within your team. Instead, you can pay for just what you need, while enjoying the security of getting professional advice.

Continuity

In a competitive marketplace, organizations need to ensure their systems are continuously available to end users. The last thing any organization wants is for end users to be unable to carry out critical tasks, such as answering customer inquiries and creating new purchase orders.

As systems are opened up to customers and suppliers, the risk of lost continuity becomes even more serious. The complex supply chain managed by so many businesses today relies on continuous availability for its success. But that chain is only as strong as its weakest link.

By adopting AMS, you can turn over responsibility for system reliability to a third-party expert, which will run your IT infrastructure and develop your technical environment following strict key performance indicators. For example, your third-party expert will be responsible for installing extra storage, and for centralizing processes and data centers when it makes sense.

Flexibility

During certain times of the year, every business needs extra IT resources that an AMS partner can provide. For example, manufacturers in the food and drink industry might have extra IT needs due to seasonality. On the other hand, a company in the service sector might need to implement a high-profile, intensive marketing campaign at a certain time of year.

In other cases, organizations may have to introduce extra resources to cover for holidays, or for maternity and paternity leave. These short-term requirements don't warrant introducing permanent headcount, but they need to be covered in order to deliver optimum IT service to the business.

Lower risk

Sourcing managers eager to meet business needs, but lacking well-defined business requirements, often employ a staff augmentation IT services model. While this has the potential to deliver cost-saving efficiency when employed alongside offshore services, as well as the ability to deliver work more quickly, the enterprise is left managing delivery risk while the service provider has a guaranteed service quality at minimal risk.¹

On the other hand, sourcing managers who contract for application managed services can transfer delivery and budget risk to their AMS vendor.

Get operational excellence on your terms

If your company's staff has never deployed or managed a particular advanced application, it can take years for them to learn the details of running that application effectively—and even longer to understand the best ways to make that application serve your business process. By the time you hire and train the talent you need to run a business application at a world-class performance level, you're already out of date. And that means you'll have to start all over again.

¹ Gartner Ten Essential Steps When Moving From Staff Augmentation to Managed Services, Ruby Jivan, Frances Karamouzis, and Linda R. Cohen, August 21, 2013.

You can get operational excellence on your terms with a multi-tiered approach that could include:

AMS service desk

Manage call registration, follow-ups, status, and the progress of each service call. You can qualify each call, assign it to the right customer service team, and monitor call processing. Plus, you can centralize all of your requests. You won't need to qualify your request before sending it; your AMS vendor's service desk will do it for you.

Service management

Periodically get a service report containing relevant measurements, findings, trends, conclusions, and recommendations. Discuss the service reports with a service level manager, who will monitor, manage, and report on the agreed service levels and quality of service. If you suffer a business standstill, you'll be able to get back in operation as soon as possible with guaranteed stand-by service for functional or technical problems.

Technical AMS

Improve reliability by outsourcing the management of all technical details—including software installations, issue resolution, performance monitoring, database administration, and security checks—to an effective AMS provider. You'll position your IT staff to think and act strategically, rather than distracting them with the details of daily application management.

Functional AMS

The methods you use to build business processes around an application sometimes make a bigger difference than the features of the application. Streamline your business processes, improve your firm's overall operational excellence, ensure quality, and get the highest possible level of support by choosing an AMS provider that has extensive knowledge of your product, as well as access to specialized resources.

Infrastructure and continuity management

Time-consuming tasks such as hardware and operating system management, storage, and backup are key to the health of your IT environment. You need managed services that control your infrastructure while they monitor your systems for peak performance.

Hosting services

Managed hosting of your business applications. Look for an AMS provider that can ensure business continuity when running your business applications in an external data center. Hosting services might include hardware provisioning, virtualization, operating system support, backup, recovery, network security, redundant infrastructure, and connectivity to your network. Your AMS provider should monitor and support all systems around the clock, ensuring you get the services you need to meet key performance indicators for availability, continuity, and sustainable performance. That way, you'll increase reliability and reduce risk.

Managed hosting of third-party applications. Your AMS provider should also be able to provide full-service hosting of third-party applications that are part of your main business solution. That way, you'll get the benefits of world-class IT administration without the distraction of maintaining a data center yourself.

Storage and capacity management

Periodic capacity analysis. Make sure you have sufficient system and storage capacity to ensure top performance. AMS can perform periodic capacity analysis, measure results, and inform you in time to make adjustments and extensions through a secure and predictable process.

Periodic capacity reporting. Along with your regular service reports, get periodic reports of findings, trends, conclusions, and recommendations for system and storage capacity.

Backup and disaster recovery management

Backup and recovery management. Help prevent data loss by letting experts conduct an effective program of online and off-line backups. These experts can also restore backups for you when necessary and manage your backup software as well.

Periodic recovery testing. Get full or partial periodic recovery tests to check the reliability of your backup.

Disaster recovery management. Protect your application environment with a recovery plan designed specifically for your needs. Effective AMS will keep the plan up to date to ensure the quickest possible recovery times.

Customization support services

When you require software support linked to customizations, AMS experts can help.

For example, you can get:

- Quick fixes to software problems resulting from customizations
- Impact analysis and upgrades of customized applications and interface software
- Enhancements to your customized ERP software, as well as analysis and design of enhancements you may need
- Customization test support for your key users
- System reliability, because AMS provides, maintains, and manages a customization support, development, and pretest environment

Start big or small

When it comes to adopting AMS, you might want to start small and add to the services you use. For example, your company may need help with continuity rather than cost reduction, or may be prioritizing flexibility over knowledge. Wherever your project starts, you can scale it up to include operational services, such as service desk, system administration, capacity planning, service pack, hot fix, maintenance, back-up, recovery, and archiving.

On the other hand, you might want to start big and immediately include a full range of services for optimum application performance, such as user assistance, business process definition, and execution.

With the right AMS vendor, it's your choice.

The benefits of application managed services

You can save money, reduce risk, and improve system reliability with application managed services, which eliminate the headaches of managing your financial and ERP systems. By taking advantage of expertise and product knowledge, you'll be able to lower the risks related to system availability, unpredictable operating IT costs, and dependence on a few key team members.

Like other managed services customers, you'll be better able to:

- Focus fully on your core business.
- Conserve your capital budget.
- Reduce operational expenses (some managed services customers have saved up to 50% in operational costs).
- Respond to corporate mandates, such as moving to the cloud or reducing teams.
- Lower IT operating expenses.
- Increase system availability.

Even better, you can achieve these tangible benefits without breaking the bank. That's because you'll be able to take advantage of economies of scale resulting from global support of multiple customers.



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