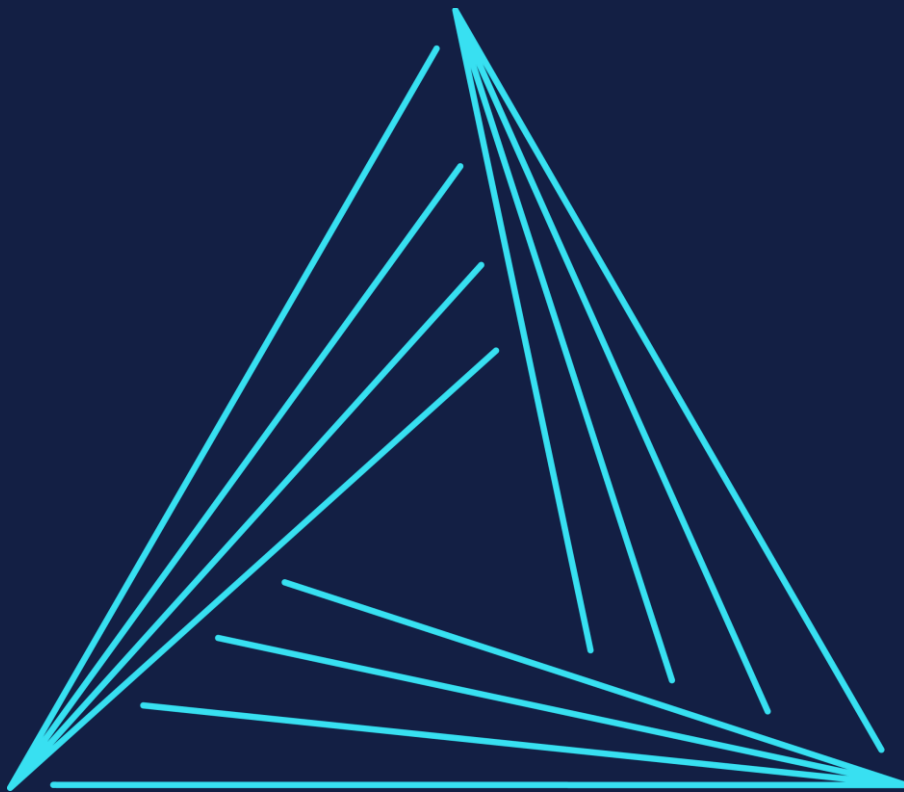


It's Time to Stop Throwing Money Away

Addressing IT cost challenges whilst ensuring future fitness

Most organisations are suboptimal in their management of technology delivery. When engaging suppliers they look to squeeze margins as a way of driving down costs but this often leads to poor quality of service. The alternative is to standardise services, simplifying procurement and management, and reducing duplication. In this way radical cost savings can be made whilst improving service quality.



MOZΔIC

Balancing agility and control

As recognised experts in operating model transformation, Mozaic is often asked by our clients to help design and deliver change that finds the right balance between cost and agility.

Cost cutting is often synonymous with loss of function or deterioration of service, but this does not need to be the case. Typically, IT operating models grow organically as service provision morphs to meet demand, the result is suboptimal with duplication and unnecessary, expensive “baggage”. Redesigning your model and the associated services can drive down costs whilst improving quality.

The aims are summarised thus:

- ▶ Targeted cost reduction and efficiency whilst ensuring systems and services are consistently delivering to business needs
- ▶ Improving customers’ digital experience and reducing the time-to-market for new products and services

We’ve learned over many years of collective experience, working with clients across many different vertical sectors, that these aims can be achieved, provided the framework for action is designed and clearly agreed at the outset.

To deliver on both short-term cost savings and long-term performance improvements, we recommend focusing on the following four elements:

01 Removing inefficiencies, duplication, and constraints from within IT and minimising the impact of unique requirements.

02 Creating sustainable ways of working for continuous cost and performance optimisation that will continue to deliver return on investment into the future.

03 Automating across the IT value chain to reduce manual work and remove organisational silos; saving time and money, whilst increasing speed of delivery and deployment.

04 Adopting a ‘cloud first’ approach; increasing agility and scalability to better ensure future fitness, whilst lowering total cost of ownership.

This paper looks at each of these four areas, providing practical guidance and experience.

01 – Removing inefficiencies

Given that 90% of an IT function's operating costs are in the provision of similar, consistent services, it is possible to simplify and categorise these as Standard Services. This is true regardless of industry.

Organising to align with the standard and stripping out unnecessary “clutter” enables organisations to optimise procurement, remove duplication, provide clarity of ownership, achieve greater control, and significantly reduce costs.

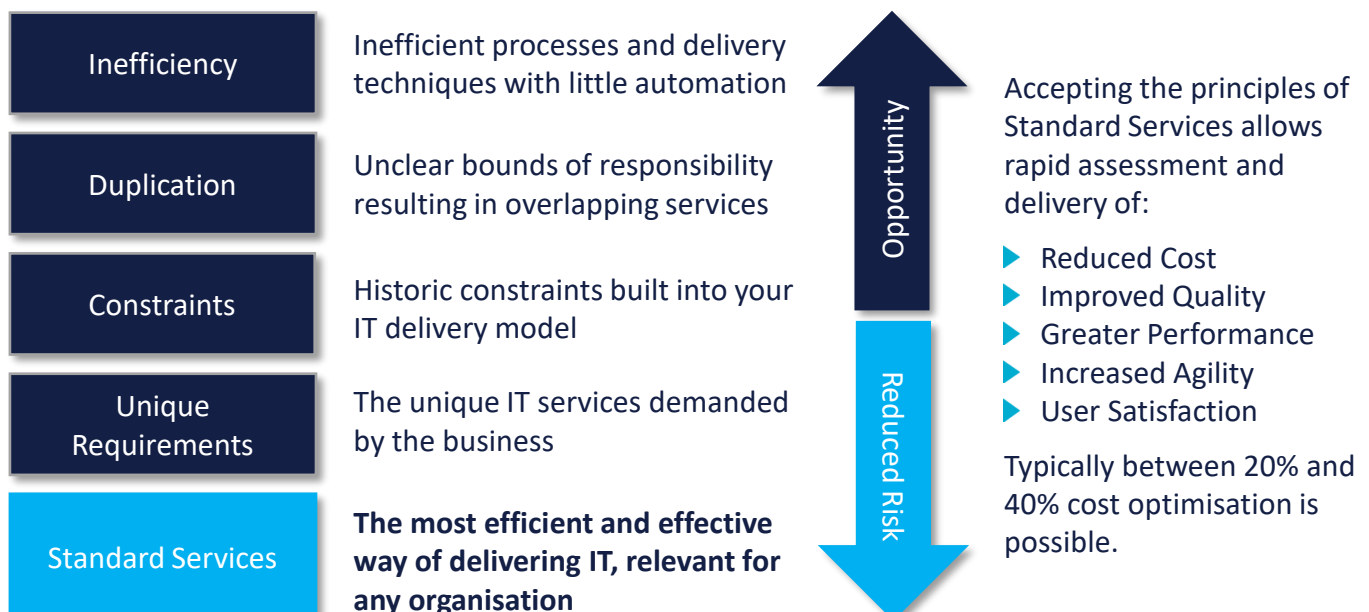
Having identified Standard Services, the remaining functions within IT are those that differentiate your business. This is where specific services are designed and delivered that provide clear business advantage.

Typically, non-standard services account for a small fraction of your overall spend.

By aligning with standard services, organisations improve consistency of service and productivity whilst achieving true scalability and driving speed of delivery. Significantly less time is spent on unique, “nice to have” requirements demanded by the business, thereby optimising cost resource allocation and enabling your business to re-focus on continually and proactively improving the customers' digital experience; reducing the time to market for new products and services.

DRIVING OUT INEFFICIENCY

The requirements for IT delivery are fundamentally the same everywhere, but many environments have evolved over time to be inefficient, cumbersome and expensive to run and manage:



02 - Sustainable ways of working

Creating sustainable ways of working for continuous cost and performance optimisation will continue to deliver return on investment into the future.

It is vital to balance the dynamic demands of digital business with those of legacy IT services to ensure the IT organisation:

- ▷ Is aligned with the business objectives, responsive to business change and demand, and can deliver business value at a high velocity.
- ▷ Has a well-articulated strategic vision and roadmap, with a clear Operating Model that brings that vision to life.
- ▷ Runs as an effective business unit with mechanisms to measure performance, manage resources, recharge services and govern delivery.
- ▷ Is built on a platform of reusable capabilities that are responsive to demand, provide certainty of performance and value for money.

We have found that those who have attempted to implement a detailed design and set of blueprints, based on a point in time assessment, typically struggled to “land” the change. This approach leaves little room for long term flexibility and limits the organisation to a static reference asset that soon becomes dated and no longer relevant to the evolving business.

We recommend business and technology leaders enable their teams to follow intentionally iterative approaches; moving away from pre-defined blueprints to create continuously evolving playbooks that are dynamic by design but facilitate repeatability and standardisation.

▷ CASE STUDY – LEGAL & GENERAL

Employing over 10,000 staff, Legal & General, is a British multinational financial services and asset management company headquartered in London. Its products include investment management, lifetime mortgages, pensions, annuities, and life assurance.

Following a number of acquisitions, the Group was struggling to achieve economies of scale for IT delivery, given their highly federated model.

Mozaic worked across the group's (twelve) business units to assess, design and support redelivery of infrastructure and services adopting a distributed SIAM model, using automation and tooling to increase agility, efficiency, visibility and control.

The results included 22% reduction in IT service costs across the group and significantly improved user and customer experience.

03 – Automating across the IT value chain

Despite introducing automation (especially in DevOps based delivery) many IT and Digital functions still rely heavily on manual processes and are hindered by siloed teams delivering across the value chain.

We typically find that portfolio and product backlogs are managed independently of development processes, and infrastructure assets and Service Management are managed separately.

Organisations can rapidly overcome this inefficiency by automating across the value chain, integrating the workflow across the tool-chain while still allowing each team to use the tools they are familiar with. Doing this helps to dynamically link portfolio and product backlogs to the development process, integrate the different DevOps tools across the value chain, and ensure infrastructure assets, product support and development are all managed together.

01 Standardise the flow of work across the organisation using process orchestration techniques, connecting the Portfolio, Product and Enterprise Service teams together.

02 Codify the points of connection and interaction between the teams to facilitate flow whilst minimising manual interaction.

03 Migrate product (DevOps) teams into this flow of work whilst (at least initially) allowing them to retain their chosen tools and technologies.

04 Create a set of clear dashboards, that measure across this integrated flow of work.

05 Build product ownership for this new way of working and establish communities of practice to continually enhance it.

► CASE STUDY – ZURICH

With over 50,000 employees, Zurich needed to improve its change capability to its global insurance business and recognised the alignment of IT Service Management to their federated DevOps and Product delivery model as a critical area.

Mozaic worked with Zurich's Product and Operational teams to fully automate the release and change lifecycle, enabling updates to be originated from within the Product Management teams whilst ensuring all control points were upheld, without constraining delivery.

Working in close collaboration, we reduced release cycle times by 80%, enabling responsive, high-quality, feature delivery and incident resolution, whilst demonstrating full control to regulators.

A relentless pursuit of automation

Importantly, processes can be implemented using your standard toolsets. The leading operational workflow products (e.g., ServiceNow) can be configured to orchestrate and automate workflows, which integrate with product teams' preferred tooling such as Jira and Jenkins. New processes are not imposed and seldom meet with resistance. They are welcomed by teams - eliminating the boring, frustrating part of the Software Engineer's job.

CLIENTS FACE ORGANISATIONAL CHALLENGES	MOZAIC IMPLEMENTS TOOLING AND CHANGE MANAGEMENT	TO DRIVE CLEAR OUTCOMES	WITH SUBSTANTIAL BENEFITS TO CLIENTS
Internally focused	Relentless customer focus	Alignment and customer engagement	▶ Mozaic radically transforms not only the operating model of an organisation, but also the culture and outlook of a business to a product-first mindset ▶ Projects directly led by seasoned executives, including ex C-Suite with scarce hands-on experience and knowledge in relevant fields ▶ Trusted partners with deep subject-matter expertise and proven track record of delivering mission-critical digital transformation projects ▶ An independent advisor, coupled with the right technological partnerships to enable true automation at scale  
Complicated processes	Automated processes, simple tools	Simplicity: easy for users	
Delivery in weeks	Delivery in minutes	High velocity: responsive delivery	
Best-effort application of security policies	Consistent application of security policies	Security and resilience	
Manual, duplicated activities	Automated delivery, transparency of cost	High efficiency and productivity	
Multiple and unknown records	Automated auditability across the estate	Control: fully auditable	
Manual, federated reporting	Standardised, real-time measurement	Insights and ML-driven decisions	

04 – Adopting a Cloud-first Approach

Many organisations have now made significant steps to embrace the cloud, however they are doing so without a clear framework or operational capability to manage the new cloud estate.

The results can be escalating costs, proliferating unmanaged cloud instances, friction between DevOps/Product teams and Service Management, lock-in to specific cloud technologies, failure to achieve migration milestones and targets, little re-use of cloud patterns and long lead times to stand-up new requirements.

When first engaging with a client we typically find a plethora of cloud environments that have been purchased for valid reasons (QA, parallel running, integration testing, performance testing) but sit idle, whilst incurring significant incremental costs. Moreover, unmanaged, these environments represent a security and data risk.

Organisations should define the processes and governance structures for cloud management, identifying the automation and tooling required to provision, integrate, and optimise, whilst ensuring governance and compliance within existing core Service Management capabilities.

Doing this will accelerate delivery of Cloud Management capabilities, automate processes to drive efficiencies, achieve closer alignment of project and operational teams, and maintain alignment of capacity and demand.

► CASE STUDY – MORRISONS

To support business growth., Morrisons were challenged with reducing operational risk by migrating to public cloud services, reducing dependencies on high levels of technology obsolescence.

Mozaic worked alongside the group IT to define the IT strategy and transformation roadmap, building consensus across the business stakeholders and major suppliers.

The results included commercial redesign of all major supplier agreements, a 15% OPEX saving with Morrison's largest IT services contracts, a best-in-class cloud operations capability and a shift to Product centric approach to IT service delivery more closely aligned to business demand.

What are you waiting for?

Using a standard model to reorganise your IT and procure and deliver services will drive massive benefits: removing duplication, providing clear delineation between services, enabling scale, improving quality of service and reducing costs.

Organisations that have adopted this model typically see savings between 20 and 40%. It is a truly revolutionary approach to IT delivery and cost management.

In addition, we recommend the relentless pursuit of automation tied to the intentional management of cloud services. The latest Value Stream Management Platforms such as ServiceNow and Digital.AI are transforming the way in which change is managed across the value stream, reducing cycle times by up to 80%, and costs by up to 1 FTE per product team.

Importantly, the cost savings are achieved whilst service quality improves, and the velocity of change is accelerated.

At Mozaic, we believe those that embrace the approach will emerge from the continuous challenges of a modern digital economy, stronger and future ready.

ABOUT THE AUTHORS



Steve Tuppen
Director and Co-Founder
of Mozaic

Steve is recognised as a leading expert in Operating Model design and Digital change. He specialises in leading transformation, supplier negotiation and subsequent management of major IT estates, and his work has delivered billions of pounds of savings, whilst improving performance and agility of the organisation. He is also a keen cyclist.



Rob Smith
Director

Rob was a pioneer in Agile management at the turn of the millennium, when he co-founded IndigoBlue, and was recognised for his contribution to the industry when awarded MVP at the 2013 Agile Awards. He continues to help organisations deliver successful technology change and is also a keen cyclist, although not as committed as Steve.

FOR MORE INFORMATION

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