SIAM - HOW TO CREATE AN EFFECTIVE MODEL

THE SIAM (SERVICE INTEGRATION AND MANAGEMENT) MODEL IS THE FUNCTION/CAPABILITY PUT IN PLACE TO MANAGE MULTIPLE I.T. SUPPLIERS, AND POTENTIALLY INTERNAL FUNCTIONS, AND INTEGRATE THEIR SERVICES TO DELIVER A SEAMLESS END-TO-END SERVICE TO THE BUSINESS. BUILDING A SIAM CAPABILITY IS NOT EASY AND CONSIDERABLE EFFORT IS REQUIRED TO DESIGN AN EFFECTIVE MODEL THAT IS CAPABLE OF SUCCEEDING.

One of the problems with SIAM is that there is no standard, best practice, industry accepted SIAM model. Organisations are often too quick to transition to a SIAM model without first defining the details of the model. All the individual components of the SIAM function need to be carefully thought through before the organisation issues any RFPs to the market.

This paper (final in a series of three) explores the areas that an organisation needs to consider before building or sourcing a SIAM function: operating model structure; process demarcation; technology demarcation; end-to-end service levels; contractual framework; tools and data; resource requirements and governance model.
1 OPERATING MODEL STRUCTURE

The starting point is to define your target operating model, which shows at a high level the different functions of the model. The operating model needs to cover not only the SIAM function but also the Retained Organisation and the Tower Suppliers.

Some organisations try to move parts of the Retained Organisation functions into the SIAM layer, but in our view strategic control and management of the suppliers needs to be provided in-house.

One key point to note in the model is that the SIAM function is different from the Retained Organisation and the two should be treated as separate organisations. The Retained Organisation components represent the activities that should never be outsourced to a supplier – accountability and control must remain within the business.

The below table shows an example of the responsibilities of each of the functions in the Retained organisation and SIAM function:

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<tr>
<th>Retained function</th>
<th>SIAM function</th>
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<tbody>
<tr>
<td>• Business relationship management: responsible for managing the relationship with the business, capturing business requirements, forecasting demand and ensuring demand priorities are identified and understood.</td>
<td>• Service architecture: responsible for maintaining the service architecture which describes all the architecture components and their interfaces and dependencies, managing the IT service catalogue and performing impact assessment of new services.</td>
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<tr>
<td>• Strategy and architecture: responsible for defining strategic roadmaps, technology standards and policies, identifying technical architecture requirements, providing architecture design approval and facilitating innovation.</td>
<td>• Processes: responsible for defining process policies, standards, interfaces and metrics for all ITIL service management processes, ensuring supplier compliance against the processes, assessing process quality and identifying process improvements.</td>
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<td>• Sourcing and vendor management: responsible for procuring the Tower contracts, ensuring contracts are</td>
<td>• Tools and toolset integration: responsible for providing cross-supplier service management tools, establishing a</td>
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<td>standardised, managing the contract lifecycle, scorecards and contract governance and conducting regular contract reviews.</td>
<td>data definition and e-bonding definition to allow suppliers to integrate their toolsets into the SIAM tools, defining the CMDB strategy and ensuring an accurate CMDB is maintained and updated by the suppliers and that relationships between configuration items are clearly identified.</td>
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<td><strong>Commercial management:</strong> responsible for budgeting, creating and managing supplier cost models and business cases, performing invoice validation and recharge, producing financial reports, agreeing service credit and managing price book benchmarks.</td>
<td><strong>Performance management:</strong> responsible for producing end-to-end service level reports, a common set of metrics and analytics and making service improvement recommendations.</td>
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<td><strong>Service ownership:</strong> responsible for service level (SLA) and key performance indicator (KPI) metric definition, managing the performance of suppliers against the SLAs and KPIs, reviewing and ensuring customer satisfaction and managing service risk.</td>
<td><strong>Command centre:</strong> responsible for managing a ‘single pane of glass’ view of the environment, setting event rules, providing ticket queue oversight, coordinating cross-IT incident management, resolving ticket conflicts and managing service escalation.</td>
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<td><strong>Programme control:</strong> responsible for managing programme performance, reporting, risk and issue resolution and programme benefits reporting.</td>
<td><strong>Service control and coordination:</strong> responsible for coordinating cross-IT changes, providing a Change Advisory Board (CAB), ensuring adequate release planning and resolving release conflict issues, coordinating major incident processes, overseeing problem management activity, coordinating service requests and creating, maintaining and testing an integrated service continuity plan.</td>
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<td></td>
<td><strong>Project control and coordination:</strong> responsible for multi-supplier programme planning, co-ordination, reporting and, risk and issue management.</td>
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2 PROCESS DEMARCATION AND INTERFACES

Process demarcation outlines and defines the boundary of functional ownership and responsibility between all the parties in the ecosystem. The division of service management responsibilities between the Retained Organisation, SIAM and outsourced/managed service Tower suppliers needs to be very clearly defined and practical examples worked-through. There should be no duplication of activity between the Retained IT organisation, the SIAM function and the Tower suppliers. A detailed RACI needs to be developed which covers all the processes that need to be performed to deliver IT services to the business.

3 TECHNOLOGY DEMARCATION AND INTERFACES

As well as process demarcation it is equally important to define service/technology demarcation between the Tower suppliers and the SIAM. The overall architectural structure needs to be considered and common architecture policies and standards defined. With the increasing convergence of technology it is crucial to define who is responsible for what element of each technology and what the technical dependencies and interfaces are, so as to avoid any confusion.

4 END-TO-END SERVICE LEVEL MODEL

Most organisations have a patchwork of different service levels from different organisations that are often not compatible and in some cases don’t align to business need. If a multi-sourced model is
going to work, you need to understand all the components of the environment and design an end-to-end service level that is agreed and understood by the business. The dependencies between suppliers in delivering the end-to-end SLA must be documented to avoid any finger pointing when SLA targets are not achieved.

5 CONTRACTUAL FRAMEWORK AND KEY TERMS

A multi-sourcing contract framework and full set of contract schedules needs to be designed and produced before any of the towers are procured. We frequently see organisations source the towers in relative isolation and at different times (which may sometimes be required due to expiry dates of existing contracts), but if the supplier contracts are not aligned, and at worst conflicting, this makes contract management very difficult and can lead to service gaps or delivery issues.

Non-negotiable elements must be identified in the contract schedules to ensure that different negotiation teams don’t negotiate away provisions that are key to the multi-sourcing and SIAM model.

The organisation also needs to consider how co-operation, collaboration and innovation will be incentivised from a contractual perspective. You can’t expect suppliers to deliver these if the contract doesn’t reflect the spirit of what you are trying to achieve with the multi-sourced model.

6 TOOLS AND DATA APPROACH

The service management and monitoring toolset is another important factor to consider when designing the SIAM function. All suppliers will have their own tools that they will wish to use but in a multi-sourced environment you need to be able to review and report on the entire IT environment from a common set of tools.

You need to define what tools are required across all suppliers versus supplier-specific tools, who will own, provide and manage each tool and how suppliers will access and use the tools – will e-bonding be allowed and if so, how (e-bonding is often very difficult to implement especially if tools have been customised). Tools are also only as good as the data contained in them - many organisations lack a single, accurate, up-to-date data source for their environment (including site and equipment lists).

You can’t expect multiple suppliers to effectively manage an environment if they have different understandings of what is in that environment, who is responsible for each piece of equipment and what dependencies exist between equipment.

7 ORGANISATION AND RESOURCE REQUIREMENTS

Arguably the most important success factor in a multi-sourced environment is finding the right people to staff both the Retained IT function and the SIAM function. All resources in these functions will need to perform an element of vendor management and this is not a skill that comes naturally to many people. It is all about being able to strike the right balance between knowing when to push suppliers hard and when to reach a compromise. Soft skills such as relationship management, negotiation/bargaining and stakeholder management are often more valuable attributes to manage a multi-sourced environment than technical or process skills. You first need to assess your current capability and maturity in delivering the elements of the Retained Organisation and SIAM.

8 GOVERNANCE MODEL

The governance framework defines the principles, rules and processes that enable effective decision-making. In any outsourced environment governance is often one of the main reasons why deals succeed or fail and this becomes even more important in a multi-sourced environment where it is critical to effectively manage and resolve cross-supplier issues.

The governance model and culture needs to be designed to encourage collaboration and innovation. Organisations must establish a robust set of governance processes, incentives, dashboards and scorecards to effectively manage the operating model.

ABOUT US

Wavestone is an international consultancy that provides connected thinking, insight and capability to industry leading organisations. We work collaboratively with our clients to plan strategic business transformation and seamlessly turn strategy into action.

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