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WHITE PAPER

TAKING THE HIGHWAY TO A SUCCESSFUL IT PROJECT

VISIBILITY AND ACCOUNTABILITY ASSURED
WITH A BEST-OF-SUITE PARTNER IN THE DRIVER'S SEAT

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EXECUTIVE SUMMARY

When service providers decide to initiate an IT project, they have already acknowledged that they have the budget, they know what problems they want to solve and what business goals they want to achieve. Now what?

Two approaches at opposite extremes define the range of service providers' options:

Approach 1 takes service providers boutique shopping, where they pick the most innovative and attractive partners in the market for each of the required components of the project and somehow make them work together.

In Approach 2, service providers select one partner that is accountable for providing all elements of the project, simplifying matters by providing a single focal point (product issues, change requests, implementation, integration, etc.) that is accountable for both the technical and business aspects of the project.

Where to go? In reality, service providers don't really have to choose between the two approaches, and they often prefer a hybrid approach that allows them to enjoy the best of both worlds. In this white paper, we take a close look at the pros and cons of each approach and help providers make the right decision on their next journey to a successful IT project.

We address the challenges that lie behind success or failure, such as budget limitations, on-time delivery, technical challenges, business impact and return on investment (ROI). We look at the three elements projects are generally based upon: products, integration services and expertise, and highlight how a combination of best-of-breed products, product knowledge, industry expertise and full accountability with a single partner puts service providers firmly on the highway to success in IT projects.

INTRODUCTION: WHAT LIES BEHIND SUCCESS OR FAILURE

Two approaches – and hybrid combinations of the two – define the options for service providers in their IT projects. At one extreme is the multi-vendor approach, at the other single partner that takes care of everything. Before we explore the two options, we need to agree on the elements that can sentence a project to success or failure.

IT projects are typically initiated to resolve a business challenge, for example, creating a certain competitive advantage or launching a new service. The risk rises as these projects involve changes in the business, in processes, in the organization, and of course in IT. No wonder so many projects go wrong. Although each project has its own set of challenges, we can all agree on the core challenges that exist in every one of them:

- > Meeting budget limitations
- > Delivering according to a planned timeline
- > Technical challenges – integration, implementation, migration, etc.
- > Controlled impact on the business, including the customer experience, churn, acquisition of new customers and new service revenue
- > Return on investment (ROI) and key performance indicators (KPIs)

With all the issues at stake, providers' approach to the project and who they choose to execute it is crucial. The decision of whether to bring in multiple vendors, skilled in their particular area of expertise, or bring in one partner that is capable of running all aspects of the project, serves a critical role. What happens along the way can influence the success of the project and can quickly translate into business failure and financial loss.

THE DIFFERENCE BETWEEN COMPROMISING SUCCESS AND CEMENTING CERTAINTY

Having highlighted the challenges common to all projects let us examine the two main approaches to executing it. IT projects may sometimes seem like a technical issue (for example, replacing an existing billing system), but their primary goal is to achieve a desired business result. The secret lies in the ability to see the full picture and align the project's progress with the business.

Each approach offers its own advantages and disadvantages. Of course, service providers will need to make the decision to go with one of the approaches or go for a hybrid approach that mixes the two. In order to make the right decision, providers need to look at three elements that each project is built upon and the best way to bring it all together successfully and meet the challenges:

- > **Product** – Selecting the product that best meets the provider's unique business needs, as translated into the feature/function technology architecture.
- > **Integration Services** – Implementing and integrating the product in the existing IT environment is a real challenge which requires profound product understanding and the ability to integrate it successfully according to the unique needs of the provider's environment.
- > **Expertise** – It's imperative to get experienced consultancy that understands the industry as well as the provider's unique business challenges and processes, and has the ability to recommend an optimal solution.

APPROACH 1: MULTIPLE PARTNERS

In the first approach, service providers go shopping for the best partner vendor in each category and bring them together to work on the project. One vendor that can bring the best industry expertise to the project; an independent software vendor that can bring in the best product; and a systems integrator that expertly integrates the product into the service provider's existing IT environment.

Ideally, service providers are meant to get the best of each element but in reality, the project is fragmented with at least three different players, like a three-headed monster, and the providers spend valuable time coordinating and managing everything on their own, and at their own risk.

Before selecting these vendors, providers need to verify that:

- > The business challenges are clear, with specific high-priority objectives and an actionable and feasible plan.
- > The product can actually be implemented and integrated into the overall systems and operations
- > All parties can work together and have proven references for their partnership
- > The independent software vendor is truly bringing in a best-of-breed product
- > The systems integrator is intimately familiar with the product and its various versions
- > All parties have relevant best practices
- > The consultants have experience working with these partners, and they know the product
- > The project can meet the service provider's budget with minimum surprises

Even if you answer "yes" to all these questions, it still doesn't guarantee success – at the end of the day, these are (at the least) three different companies, with different agendas and business models, so it's very hard to keep them all in sync.

Indeed, in this approach, there are IT projects that do succeed and go live. And yet, too many of the well-known project failures in this approach are caused by the multiple dependencies, or more accurately, by the lack of someone seeing the full picture and being committed to the complete success, including being on time and on budget.

APPROACH 2: LEADING PARTNER

In the second approach, service providers look for one leading partner to provide all three elements. In this scenario, one vendor acts as a solution partner with the industry, business and technological expertise and knowledge; the integration expertise; and the best-of-breed product to meet the service provider's needs. The challenge with this approach is bringing in the right partner and ensuring that the project is well orchestrated. One may also argue that selecting this approach increases the risk by "putting all the eggs in one basket." The way to mitigate it is by selecting the partner that can prove its chances to succeed.

In other words – a partner that you can trust.

If you select the right partner with the professional expertise in all three areas, you have a partner that owns the project from beginning to end, executes a single vision and is fully accountable for every aspect.

ANALYSTS' VIEWPOINT

Gartner and other analyst firms suggest that more than 40 percent of major IT projects fail. Cost overruns, delays, compromised data integrity and outright cancellation of the project... these are the results of the “hard-to-achieve” collaboration between different partners.

Many researchers clearly indicate that failure is caused by multiple vendors with limited implementation capabilities, limited understanding of the product and a lack of project ownership and accountability. A recent study analyzing the reasons for five failures in implementing CRM and billing systems shows that a major cause of failure is limited implementation capabilities:

“The correlation of project complexity in implementing CRM and billing systems at telecommunications carriers is that if the project does not have the appropriate set of human resources (technical and business), either in-house or provided by system integrators, the risk of failure or significant delays increase. This could be increased exponentially if the product chosen has limited integration capabilities.”
– Dr. Raul Katz, “*Why CRM and Billing Systems Implementations in the Telecommunications Industry are so Prone to Failure*” (Telecom Advisory Services, Oct 2008)

CUSTOMER AND BILLING SOFTWARE PLATFORM TRANSFORMATION

A large Tier 1 Australian service provider took on a software platform transformation by selecting two different integrated software vendors for the CRM and the billing products, and a systems integrator to integrate the two products into the provider's environment. Due to poor integration capabilities and product weaknesses that caused a series of delays, today, after experiencing a 470 percent overrun (going from \$400 million to \$2.3 billion), the project is still struggling and not expected to be completed for several more years.

LEGACY CRM SYSTEM REPLACEMENT

A North American satellite provider began a project to replace its legacy CRM system, expecting to complete it in 18 months at a total cost of \$15 million. Three years and \$50 million later (a 233 percent overrun), the provider decommissioned the project and rolled back to its legacy system, due to integration problems with other applications, inefficient processes and a lack of alignment between the independent software vendor and the systems integrator.

TAKING THE HIGHWAY TO SUCCESS

Carefully chosen, a single partner that can provide the product, related services and consultancy can meet the critical requirements of bringing together all aspects of the project. With the single partner approach, make sure this partner can provide you:

- > **Best-of-breed product** – with research and development and integrators in sync under the same roof, ensuring that the product includes all recent industry technological and business improvements.
- > **Product Knowledge** – integrators must have a profound knowledge of the products with the relevant tools, experience and methodologies to enable the successful delivery, implementation and configuration of the project.
- > **Industry Expertise** – a combination of experience, knowledge and product excellence is a clear indicator that the partner understands what's happening in the communications, media and entertainment industry, its vision for the future and the required roadmap.
- > **Full Accountability** – ensured by having just one partner to deal with. A single partner that addresses all the issues, whether features, configuration or integration, takes full responsibility for the project and is driven to deliver the project on budget, on time and successfully meeting your needs and requirements.

Having this single focal point, including the integration and implementation capabilities and the ability to manage the project from beginning to end as well as the complexities of the project is the optimal choice. This is the single solution partner orchestrating and bringing together the three elements of product, integration and expertise; no excuses, no finger pointing – just a strong sense of delivery guarantee – and managing and controlling all aspects, executing a single vision, and being fully accountable. This is how to hit the highway to success in the service provider domain.

Consider Gartner's advice to vendors in the OSS and BSS domains, regarding the need to have best-in-class products and strong professional services:

“A leadership position in the current OSS market requires that vendors offer, besides best-in-class products, strong professional services consulting and a system integration constituent. They should achieve this by taking a holistic approach toward carriers' processes, organization and IT operations, complemented by long-term migration guidance.”
– *Gartner, Dataquest Insight: OSS Market Overview and Strategic Scorecard for Vendors, 2008 (Oct 2008)*

“BSS projects consist of a mix of software and integration services. In addition to a solid software solution, BSS vendors also need to provide carriers with integration services to consolidate multiple billing, customer care, mediation and entrenched legacy systems.”
– *Gartner-Dataquest Insight: BSS Market Overview and Strategic Scorecard for Vendors, 2008 (Dec 2008)*

Example

The two different approaches have an impact on the business throughout the project life cycle.

For example, as a project starts, the service provider realizes that a change is needed in one of the business processes.

In Approach 1, the service provider goes to the consultant who designed the business process and asks for the required change. The consultant evaluates the required product capabilities to support the request and might determine that it will not be available until two releases' time, leaving it for the provider to find out.

The service provider approaches the independent software vendor's account manager, and asks to have the feature implemented as a change request. The account manager explains that such a change can only be done by the implementing systems integrator.

The systems integrator says they must have a change within the product as well, and the overall change will require additional integration challenges – and they cannot guarantee that other business processes will not be affected.

Now the service provider ends up back at square one. Sounds familiar?

Let's go to Approach 2:

The service provider approaches the site manager from the single partner who has visibility and control over the various players – the product manager, implementation manager and consulting.

The site manager consults internally on how to approach the requested change and informs the provider of the recommendations.

CONCLUSION

As complex as IT projects are in the communications, media and entertainment industry, with so much at stake for service providers, they can't afford to take a chance on multiple vendors coming in and loading them up with risk. Project failures cause information and data breakdowns, huge delays in an industry where providers have to be quick to market, and costly mistakes amid financial sensitivities. With as many as 40 percent of all IT projects failing due to multiple vendors not succeeding in collaboration, making implementation and integration errors with fundamental gaps in product understanding, and failure to align with the service provider's particular environment, **no one can afford to continue down this path.**

The two approaches to IT projects are legitimate with their unique pros and cons, and service providers around the world will keep looking for the optimal choice for each individual opportunity. Yet in tough economic times like this, where every penny is tight and carefully spent, accountability and selecting the right approach that will guarantee successful delivery rank highest in the list of priorities.

Pulling all the elements together with a single solution partner places providers firmly on the highway to success. Carefully choosing this partner, who can make the difference between success and failure with IT projects, puts providers on this road, clearly ahead of the competition.

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