### Global Presence

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### About Infosys

Infosys Technologies Ltd., (NASDAQ: INFY) designs, builds, and delivers IT-enabled business solutions that help Global 2000 companies win in a flat world. These solutions focus on providing strategic differentiators and operational superiority to clients. Infosys creates these solutions for its clients by leveraging its domain and business expertise along with a complete range of services.

With Infosys, clients are assured of a transparent business partner, a world-class process, speed of execution, and the power to stretch their IT budget by leveraging the Global Delivery Model that Infosys pioneered.
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Faced with a competitive business environment and shrinking budgets, the focus of IT organizations has shifted from barely “keeping the lights on” to “keeping the lights on in an optimized manner”. In order to cut costs, improve agility, and boost efficiency, financial services firms are viewing IT Optimization as a high priority initiative. This article identifies five IT-related value-creating opportunities - providing an array of potential starting points for your optimization journey.

Introduction

In the current market scenario, optimizing services to save costs is no longer “good-to-have”; it is a “must-have”. IT budgets in financial services firms have reduced and the focus of IT organizations has, in many cases, shifted to “keeping the lights on”.

In such a scenario, focusing on IT optimization initiatives will not only help organizations utilize their budgets in an optimal manner, it will also bring in much needed additional savings. IT optimization initiatives do require some initial investment at the onset of the optimization journey. However, as time progresses, the investment required reduces exponentially, as a portion of the savings from initiatives implemented are used to fund subsequent optimization phases. In some situations, the initial investment can also be funded in partnership with an IT services partner.
Figure 1 above explains the self-funding optimization model. The successful and efficient implementation of IT optimization requires an overarching approach, covering all facets of IT. To begin your optimization efforts, we recommend following the five focus areas highlighted in Figure 2.
The order in which an organization should implement these initiatives depends on its relative maturity in these areas. Choosing the initiative to be implemented should largely be driven by the pressing challenges faced by the organization and by focusing on the areas where maximum benefits can be derived.

**IT Optimization Focus: Delivery Excellence**

Excellence in service delivery is one of the very important aspects that every IT organization should strive to achieve. Optimizing service delivery helps eliminate redundancy in delivery processes, thus helping to increase efficiency of services and bring much needed credibility to the organization. Delivery excellence generates benefits - such as increased predictability and reliability along with reduction in risk, development life cycles, turnaround times, and total cost of ownership.

Delivery excellence can be achieved through engaging in Delivery Process Optimization (DPO), Knowledge Management, and leveraging tools.

**Delivery Processes Optimization**

- **Using CMMI Framework for project execution**
  - The CMM Integrated (CMMI) is a suite of products that provides an integrated approach for improving processes, while reducing redundancy, complexity, and cost.
- **Process Standardization**
  - Standardization of processes across the organization leads to elimination of redundancy and improvement in delivery predictability. Robust frameworks, like Six Sigma, can be implemented to make the processes leaner by eliminating redundancies.
- **Quality Assurance**
  - Well-defined quality gate mechanisms can be implemented at logical milestones of the project lifecycle to
provide a health check mechanism for the projects. These quality gate mechanisms include reviews, audits, usage of checklists, compliance checks, and metrics analysis.

- **Release Management Optimization**
  - An efficient release management framework will ensure streamlined releases. Sporadic releases spread over a period of time should be replaced with releases at regular intervals. This will provide the dual benefit of efficient change management and configuration management. A Release Management Office (RMO), at the organization level or portfolio level, can be established for maintaining a software library to avoid multiple software solutions serving the same functions. It can also be used to manage deployment, performance tuning and monitoring, scalability, and security related requirements.

**Case Studies:**

1) Infosys reduced cost of development by 10% and reduced time-to-market by 15% for a European grocery and general merchandise retailer, as part of their IT process standardization.

2) Infosys achieved 80% improvement in On-Time Delivery, as part of CMMI L2 Implementation in one of their own units over the last 2 years.

**Knowledge Management Framework Optimization**

Knowledge management is the process of selecting, organizing, archiving, filtering, and reusing knowledge (technology, process, and domain) in a manner that reduces person dependency and makes the right kind of information available at the right time. Optimizing the knowledge management framework at an organizational level will lead to effective reuse and sharing of knowledge, which will improve the time-to-market/
turnaround times of deliverables and provide cost benefits due to effort savings.

A knowledge management framework can be optimized in one of the following ways:

- **Need-based training and certification programs**

  Organizations should look at training as an investment, rather than a cost, and focus on need-based training of employees. A “Training Academy”, focusing on different technical and domain refresher courses to cater to specific needs for various roles, can be created.

- **Knowledge acquisition, retention, and reuse**

  The following activities can be carried out to acquire, retain, and re-use knowledge:
  
  - Document technical, business, and process knowledge gathered in the form of reusable knowledge artifacts
  - Conduct cross-training and knowledge sharing across teams to help retain and improve knowledge base
  - Create reusable code components to inculcate reuse culture, which will help improve productivity in future projects
  - Set up Centers of Excellence (CoE) for specialized skills or services to improve productivity and quality
  - Create a consolidated Knowledge Portal across the organization for automation of knowledge dissemination.

**Case Study:**

At a leading European bank, the use of an Infosys knowledge management tool for first call resolution in middleware application support services led to a 20% drop in defects and reduced on-boarding time for new team members by 10%.

**Tools and Automation**

A tool-based delivery very often results in achieving delivery excellence in projects. Some benefits of implementing tools and automation are:

- Standardization of tools for processes and technologies across geographies
- Increase in productivity
- Optimal utilization of tool licenses

**Case Study:**

While delivering support and maintenance services for a leading financial institution, by using tools during portfolio analysis, knowledge capture, and metrics capture, Infosys was able to provide the following benefits to customer:

- 86% “response within target” within first 2 months of steady state
- 50% “reduction in re-opened tickets” within first 2 months of steady state
- 75% of first call resolution - enabling development teams to focus on other initiatives

**IT Optimization Focus: Operational Excellence**

Operational Excellence is having the right mix of people, processes, and systems in order to achieve the best possible results with minimum difficulty and an optimum price. Figure 5 below depicts the levers that can be used to achieve operational excellence.

**Better Demand and Supply Management**

Effective demand planning increases the probability of delivering large programs within the defined timelines and budget. Furthermore, a robust demand forecasting mechanism ensures effective supply by catering to the various levels of workloads, based on business needs. Supply management, with adequate planning, ensures alignment with the forecasted demand.
A capacity-based Flexible Model (as depicted in Figure 6) provides agility that will significantly reduce wasted effort, and will enable quick ramp-ups to capitalize on opportunities.
Optimized sourcing models

Many organizations which engage IT Services providers operate in “Staff augmentation mode” and have Time and Materials-based transactional relationships. Adapting a comprehensive sourcing strategy will allow organizations to move from transactional relationships to Managed Services-based strategic partnerships.

A Managed Services model allows organizations to engage a partner to deliver predefined services as per contractual commitments. This model is based on an outcome-focused, Risk/Rewards framework. The IT Services provider is rewarded for meeting or exceeding Service Level Agreements (SLA) commitments and penalized for non-performance. With Managed Services sourcing, the delivery structuring is largely under service provider control - an arrangement that brings many benefits to the table, including:

- Committed SLAs from service providers
- Reduction in Total Cost of Ownership
- Better cost predictability
- Leveraging alliance strength from IT Service Providers

Case Study:

For a leading US financial corporation, Infosys proposed a horizontal, service-based sourcing strategy. The strategy proposed consolidating fragmented sourcing across LOBs and implementing a managed services model, resulting in efficiency gains of $9 million.

Optimized service delivery model

For ongoing sustenance, an integrated ITIL-based service delivery model is necessary for delivering services. Furthermore, the service delivery approach should be repeatable and consistently applied across portfolios or applications.

A service delivery model can be optimized by:

- Engaging a single IT Services provider for all cross functional services - such as Service Desk, Application Services, and Technical Services
- In multiple provider engagements, assign a single vendor to take end-to-end accountability for delivering services and committing to the end-to-end SLAs
- Creation of a shared service model (across domains or technologies) which will drive synergy across portfolios
- A crisp definition of tasks, responsibilities, and measurements for each service will help reduce ambiguity and increase predictability
- Effective knowledge management, automation, and reuse will further enhance optimization of service delivery

Where possible, a Global Delivery Model with extreme offshoring should be leveraged.

Case Study:

Leveraging the shared services model and fostering an environment for the reuse of tools, components, and processes across multiple lines of businesses, Infosys helped a leading bank improve productivity and system availability over 100 applications, and cut costs by 30% overall.

Governance

- A well-defined governance framework, with representation from all stakeholders, is key to the success of any organization. The governance model should be structured to focus on strategic, tactical, and operational areas.
- A well-defined escalation mechanism will help ensure faster resolution of issues.
- Governance forums should be planned at regular intervals at various levels in order to monitor performance, resolve issues,
provide feedback, and evaluate vendor performance.

- The use of a specialized body, like a Project Management Office, could be explored to focus on formalizing stakeholder responsibilities, validating expected deliverables, and monitoring performance to ensure satisfactory business outcomes.

- In a multi-vendor engagement, Operational Level agreements between the multiple providers can ensure accountability remains within the boundary of each IT services provider's scope. Collaboration between the service providers needs to be encouraged in order to help each other meet business goals.

**Case study:**

*Infosys helped design a governance infrastructure to manage a strategic IT program for a leading financial institution. Highlights:*  

- **PMO ensured the organization was able to deliver the promised capabilities**  
- **Helped manage the effective spending of the investment budget**

**IT Optimization Focus: IT and Business Synergy**

Funding for any IT department is mostly sourced from the business. As such, it is of utmost importance to ensure that the right synergies exist between IT and the business. Close monitoring of business requirements prepares the organization for sudden changes in market demands. Traditionally, most IT firms start with the objective of working in close alignment with the business. However, somewhere along the way, the focus is often narrowed down to solely running IT. Synergies across IT and business can be achieved using the following levers.

**Reshape the organizational structure**

Organizational restructuring can be based on alignment to Lines of Business (LoBs) which are supported by various horizontals - technologies, the program management office, and quality management teams. These horizontals can maintain a talent pool with the right skills to cater to the various LoBs.
Reshaping the structure in such a manner yields the following benefits:

- Skilled people in the right job, at the right location, along defined divisions or aligned along technologies
- Ownership and accountability of maintaining profitability remains with individual LoBs, and will help to measure their respective performance effectively
- Well defined career path for resources, which increases motivation

**Business Process Optimization**

One area often ignored is the optimization of business processes. This area remains untouched partly due to reluctance to change, and partly due to the fear of jeopardizing business as usual. These fears often are unfounded and the risk can be allayed by following a structured approach to optimization, and using well defined, robust frameworks like Six Sigma.

Business processes can be optimized by:

- Identifying the redundancies, creating a positive cascading effect on the optimization of the underlying IT systems that support the processes.
- Standardizing processes results in the usage of standardized IT infrastructure for supporting these processes; eliminating the need to have multiple IT systems providing the same functionality.

**Case Study:**

*By restructuring siloed and critical back-office processes, Infosys standardized operations processes for a leading asset management company; resulting in productivity gains, a decrease in turn-around time, and a 15% head count reduction.*

**IT and Business Alignment**

Business and IT alignment involves optimizing communication between the business executives who make key decisions and the IT managers who are responsible for the translation of these decisions to IT operations. Regular forums must be planned between the business and IT to establish better ways of working in close alignment. These forums can be used to review the current working model and to strategize better ways of working in conjunction in the future.

Close IT alignment with the business provides several benefits:

- It enhances the probability of delivering a product that meets business requirements
- Higher satisfaction of business users as IT can service them better
- Better understanding of the requirements ensures lesser re-work
- With better prioritization, efforts are concentrated on programs that reap maximum benefit with minimum investment

**Case Study:**

*Infosys helped a top mortgage banking firm optimize its IT expenditure and align it to its overall business objectives, resulting in $4 million in reduced IT costs.*

**IT Optimization Focus: IT Landscape Rationalization**

Rationalization is a fourfold approach towards consolidation, decommissioning, standardization, and simplification of the IT portfolio. All IT resources - such as applications, servers, tools, databases, and hardware, and software licenses - are candidates for rationalization.

An effort to consolidate, decommission and standardize applications, technology and infrastructure should be made - resulting in a simplified, easily maintainable IT portfolio. An optimized IT portfolio offers several benefits:
• Simplification of application portfolio
• Enhanced maintainability and reduction in maintenance cost
• Faster implementation of business changes
• Improved agility to respond to market changes
• Better control over IT resources

Case Studies:

For one the world’s largest global financial services companies, Infosys conducted an analysis of IT Optimization and Rationalization opportunities, identifying potential IT cost reductions of over 20 percent.

IT Optimization Focus: IT Performance Management

Performance management is the process of setting goals and regularly checking the progress towards achieving those goals. For any organization, performance management is very critical as it helps measure the health of the project, plan and take timely action on any projects deviating from quality goals, and monitor vendor performance.

To optimize the method of performance management, organizations can follow the Define-Measure-Monitor-Act cycle.

Organizations can also define performance management metrics across processes, services, finance, and the business. Figure 9 highlights some sample performance metrics.

Service level and operational level agreements (in a multi-vendor scenario) are some of the methods through which organizations can define the metrics. Project Dashboards, Balanced scorecards, or Periodic reports are some of the ideal ways in which performance monitoring can be done by the organizations.

Case Study:

Infosys achieved a 17% Reduction in IT Costs through Metrics-based IT Management over the last 1.5 years for a leading insurance company in Australia.

![Define-Measure-Monitor-Act Cycle](image-url)
**Defining Metrics**

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- Effort Variance
- Schedule Variance
- Requirements Stability
- Cost of Quality
- % of Emergency Releases
- Defect Density
- Number of post-production defects
- Age of open Tickets
- Turn around Time
- Service response time
- Productivity
- System Availability
- Completion of projects with time and budget
- SLA adherence
- OLA adherence
- % of Spend in change-the-bank work
- % of Spend in run-the-bank work
- Cost Deviation
- Utilization Ration
- Return On Investment (ROI)
- Business evaluation based on information economics
- Organization credibility
- Strategic competency availability
- Strategic information availability
- Asset value

**Conclusion**

The IT optimization measures described above - encompassing delivery, operations, IT and Business alignment, portfolio rationalization, and performance management - can help organizations embark on an optimization journey that brings the benefits of reduced total cost of ownership, simplified operations, elimination of redundancies, and optimal utilization of resources. Organizations operating in an optimized state will be able to sustain the existing business in the most efficient manner and will be able to respond swiftly to future demands.

**References:**

For information on obtaining additional copies reprinting or translating articles and all other correspondence, please email:

askus@infosys.com

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