



Multisourcing Service Integration

Governance and management for multi-vendor organizations



**Business
Services**

Executive summary

Over the last 15 years, the enterprise IT environment has become more complex with the rise of new hybrid technologies and services, which are provided by an ever-increasing number of suppliers. The challenge for CIOs is to get their multiple suppliers to work together effectively and overcome the complexity of governing them uniformly.

The multiplicity of vendors has also increased IT budgets of organizations, but this has often not been reflected in end-to-end quality service and commitments to end-users – whether employees or customers. Managing these many suppliers in-house has also significantly increased the number of IT staff dedicated to the supervision of contracts and relationships. As a consequence they are no longer focused on working on projects to benefit the core business.

Multisourcing Service Integration (MSI) has emerged as the solution to these numerous difficulties. It can help you continually improve your infrastructure, while ensuring the good governance of service providers. In this white paper, we examine MSI in detail, and outline the best practices that will help you enjoy services that are integrated, well-coordinated and consistent.

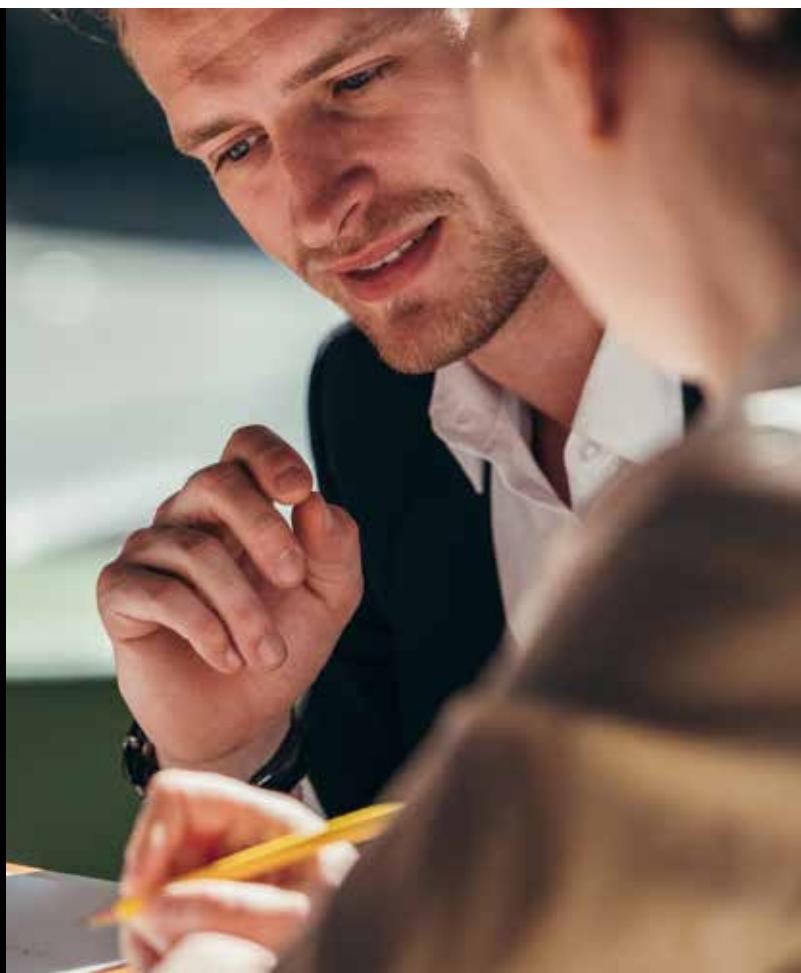


The Author

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Accelerating digital transformation

The rise in technology adoption worldwide has driven digital transformation initiatives across multiple industries as they look to improve the user experience. This has accelerated the deployment of new technologies from numerous vendors and service providers. End-users and customers demand that data be available anytime and anywhere, and they don't expect IT to fail anymore.

In addition, IT and networks are changing rapidly. Hybrid networks – including software defined networks (SDN) and SD-WAN – are increasingly being adopted to manage access to cloud services and deal with growing data traffic volumes. Also in most cases, hybrid infrastructures rely on using many local internet service providers.

The multiplication of connected devices, multiple suppliers, different geographic locations and user mobility adds to the amount of data being transferred and processed in the network. Trends like the internet of things, artificial intelligence, automation and orchestration, machine learning, along with the development of emerging markets, all contribute to the growing need of optimized and flexible IT governance.

In addition, enterprises often use insourced and outsourced application and infrastructure services, in a traditional silo model. This increases the complexity of integrating and managing multiple network and cloud suppliers and services. Challenges include configuration overview, troubleshooting different services, end-to-end SLA management, application performance and security.

Understanding how to manage this complex environment and relationships across stakeholders is the new game for any delivery organization. But more importantly, the goal of every CIO today is to guarantee to all end-users, be they customers or employees, a high quality of experience anytime and anywhere. This end-user satisfaction requires a dynamic and careful combination of supervision and contract management activities, to make sure that “every musician in the orchestra” plays their tune perfectly.

Key business challenges

The multiplication of technologies and suppliers are challenging the ability of the IT department to deliver a high level of service to end-users. Key issues include:

- **Visibility both at network and IT level:** the large number of suppliers makes it more difficult to see components and interactions
- **Troubleshooting and problem solving** becomes complex through the different services
- **Application performance** is more difficult to control as more components are used to deliver response time from different locations
- **End-user requests for information and support** are more difficult to manage
- **Security and control becomes more critical** with multiple and changing sources in infrastructure and applications
- **Contract and SLA management** are becoming more time-consuming and challenging
- **Introducing new technologies**, such as software defined networks



Average hourly cost of an infrastructure failure is \$100,000



45 percent of CIOs indicate that complexities involved in managing the WAN are their biggest operational concern¹



15+ service providers are the norm for enterprises and will increase as cloud and digital services grow²



90 percent of enterprises will adopt public cloud in 2019 vs. 45 percent today



50 percent of IT employee time is wasted on root cause analysis



Sourcing leaders are increasingly challenged by the growing complexity of their multi-sourced hybrid IT ecosystem³

1. Gartner: Research Circle Survey conducted October 2016 (<http://crystaltechnologies.com/wp-content/uploads/2017/12/gartner-sd-wan-causing-disruption-enterprise.pdf>)

2, 3. Gartner: Research Roundup for the MSI-SIAM Role (<https://www.gartner.com/doc/3099128/research-roundup-msisiam-role>)

MSI: Redefining the services approach

Multisourcing service integration can manage this complexity and transform service delivery for lower costs, lower risk and improved performance. A multisourcing service integrator will bring the required governance at the operational level and third-party contract level, along with security processes and policies which will identify and mitigate the risk from a business perspective.

The more effectively an organization integrates and manages its solution globally, the better their business performs. MSI in today's world is not just an overlay on top of the organization's various suppliers. It adds value through consistent governance, assurance and management.

Multisourcing Service Integration (MSI)

MSI, also known as service integration and management (SIAM), as defined by Gartner: "enables a sound basis to seamlessly integrate the end-to-end management of multiple service providers. Without an MSI role, CIOs often experience many boundary issues among service providers, with the usual 'finger pointing' and silo behavioural problems in sorting out major or recurrent service issues involving multiple providers."

MSI-SIAM as defined by Gartner has 6 key roles:

- 1. Service delivery coordination**
- 2. Service aggregation and brokerage**
- 3. Service desk**
- 4. Relationship coordination**
- 5. Multivendor management**
- 6. End to end performance management**

The role can be performed internally inside enterprises or outsourced to an external agent.

Different MSI strategies

There are a number of different approaches to deploying MSI, and the choice will depend on your current situation, business strategy and available skills:

- Do it yourself, with full MSI tools, manpower, and operations
- Mix of internal and external means, tools, and process
- Fully outsourced MSI and key towers

The requirement for third-party support has created a new type of player in the services arena, which Gartner has called "third-party multisourcing service integrators" that "manage work streams ensure execution and measure value".



Governance: the core of MSI

MSI provides a single point of control – and definition of end-to-end accountability – for service delivery in multi-supplier environments. It brings a strong focus on orchestration and control of service modules. In an MSI scenario, the customer is the emperor, while the MSI is the chief administrator, legislator and judge. It issues all laws, orders, verdicts and penalties on the customer's behalf.

Service integration places an emphasis on seamless interaction within the supply chain, depicted by the line between tower service providers, the service integrator and into the retained IT organization.

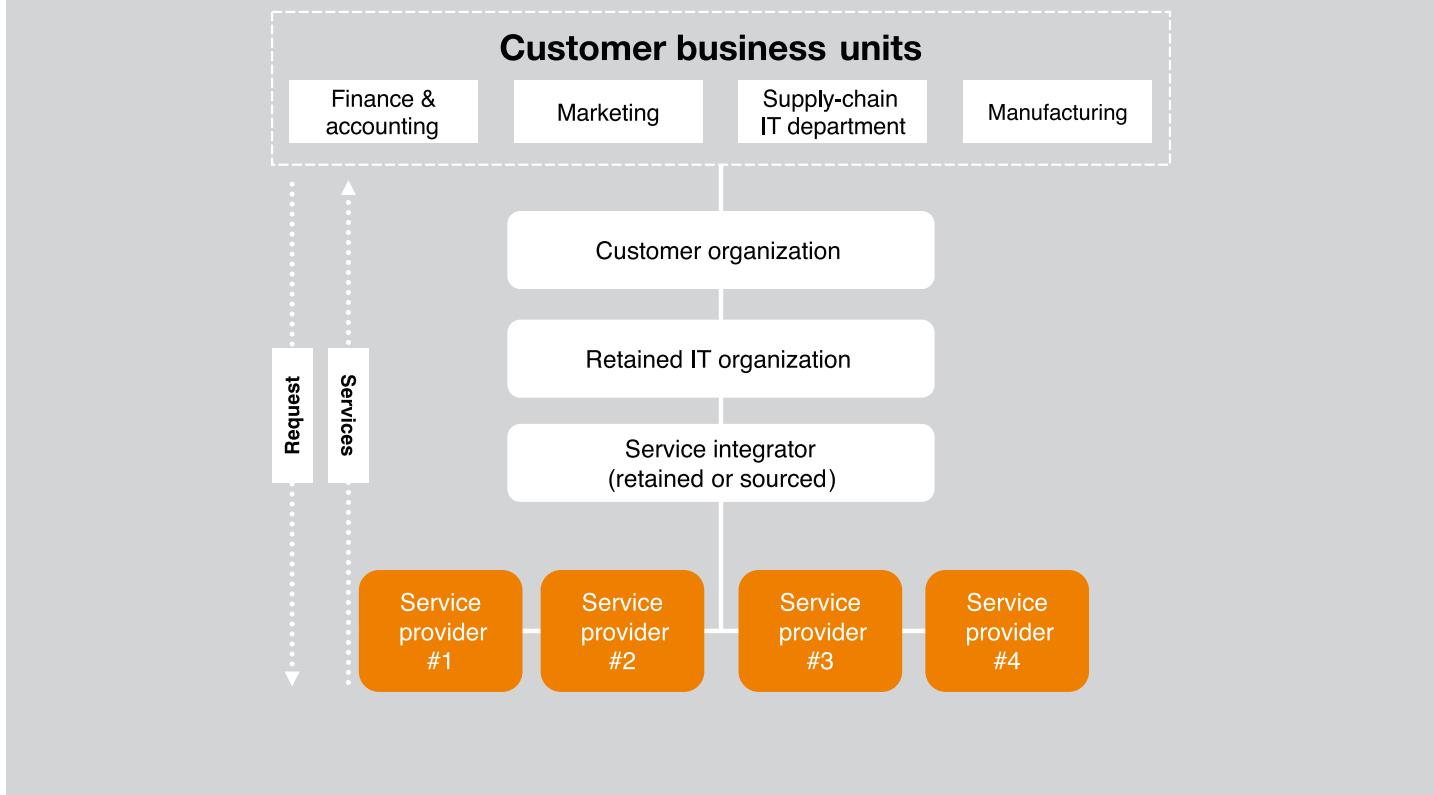
IT organizations have previously outsourced their tower service provision (TSP) to a single managed service provider (MSP), or sole-sourced. The MSP would largely focus on internal tower service provision support, such as service desk and collaboration.

In multisourcing, a service integrator is required to ensure that the services are aligned with the overall expectations of the customer and that all the contracted parties work together.

MSI is increasing in popularity, because of the:

- Popularity of “best-in-class” sourcing for agility, innovation and enhanced service provision
- Use of cloud-based resources such as infrastructure as-a-service and software-as-a-service
- Desire for a new way integrating and aggregating service provision and performance to maintain commitments to customers

Service integration operating model



Governance: the core of MSI

Cost rationalization

In a typical MSI scenario, the MSI provider will walk in and take over management of the service towers from the start of the transition, maintaining cost levels at their current rate and then commit to percentage price reduction from the start of the transformation.

Cost rationalization is obtained via these fundamental approaches:

- On a tower-by-tower basis, greater visibility will reduce contingency cost or risk premium by around 10% as each tower is re-set and integrated, and duplications are identified and driven out.
- Internal transformation at the organization level, which removes duplication of effort and allows relocation of resources to the core business.
- Year-on-year operational efficiency gain via continuous service improvement.

Critical success factors for MSI

Contractual alignment

Management of all supplier contracts in a central location.

Integrated service management

Interface with service desk, technology tower suppliers, and other third-party suppliers.

Well defined responsibility assignment matrix (RACI)

Agreement on roles and responsibilities across all parties.

Organizational change management

Commitment to organizational change management to raise awareness of MSI and its role in retained IT.

Single source of truth

Implement a full-fledged CMDB and service catalogue, which is kept up to date to help build a near real-time service dashboard view.

End-user experience

Ensuring that the solution has a focus on user and customer experience, and is aligned with business priorities and challenges.

Transition and transformation

Managing the agreed scope and schedule of transition to transform services successfully across the ecosystem.

MSI key benefits

The MSI will ensure better accountability, trust, transparency, and effective performance management, while preserving your flexibility in sourcing and allowing you to focus on core business. A common approach is to work with several MSIs, chosen for their expertise in certain fields, having one covering IT for example, and another for network and security.

- Single point of contact, ownership & control for IT services
- End to end service management
- Clearly defined roles and responsibilities
- Optimized cost of services and more transparent IT landscape
- Streamlined management of IT services
- Increased customer satisfaction
- Consistently applied processes



Choosing the right partner

The ideal MSI partner needs to have thought leadership and understand the multiple challenges your business faces. Because change management is a key element when operating an MSI, the partner must have an excellent record in managing a large flow of change requests. In addition, to manage worldwide operations effectively, the MSI partner needs wide experience in cultural change and a deep understanding of different business cultures and operating models.

Managed service providers as MSI

MSI is based on trust and capabilities, and because MSPs manage critical services for customers, they are already recognized as a trusted partner by the IT and the business. Moving to MSI is a natural evolution for MSPs, providing they have the necessary skills.

When it comes to managing third parties, the MSI provider needs to understand both your business, and the suppliers' operational constraints. Pure service integrators may have difficulties dealing with third parties when it comes to incident, problem, change or release management. Having an MSP acting as an MSI helps build an efficient provider community that can deliver an end-to-end service.

Impartiality of the MSI partner

There are five elements that make up the impartiality of the MSI partner, as follows:

Impartiality is a principle of justice

Impartiality holds that decisions should be based on objective criteria, rather than based on bias, prejudice, or unfair preferential treatment. It is related to independence, which is about having freedom from the influence of others.

The first imperative is expectation setting

This involves defining the policies and principles governing each service module. Establishing the rules of the game becomes easier if the provider has been actively involved in, or at least has a full understanding of the imperatives.

Using a single source of truth

It is essential to create and communicate an enterprise governance model, which can be referred to by all providers. This creates parity amongst them which in turn provide the basis for an impartial control of the model.

Confidence in MSI competence

Probably one of the most difficult aspects in demonstrating impartiality and building credibility for the MSI is the demonstration of service management expertise and business alignment. This will be determined by how well-agreed processes are followed and measurements are applied.

Developing trust and rapport

Establishing strong relationships across services, with effective MSI mediation when challenges occur, is important. Parties need to trust that the MSI provider will act as mediator to help all parties resolve any issues that arise. If this is established, they are less likely to question the impartiality of the mediator.

Advantages of MSI over traditional outsourcing

- Access best-of-breed services
- Share operational costs and risks with suppliers
- Allow internal IT to focus on core business
- Maximize capabilities by having the right sourcing at the right time
- Flexibility to scale up or down where required
- Reduce costs through leveraging the supplier's economies of scale
- Clearly defined commitments and SLAs at global solution level

Case studies



They chose Orange MSI to integrate multi-vendor operations, improve visibility and vendor performance experience

Large global aircraft manufacturer striving to build the safest, most reliable and best performing aircraft possible. European-based company with over 55,000 employees in 150 offices.

Challenges

- Complex multi-divisional organizational structure
- Ensure vendor compliance to requirements of the business
- Increase visibility of vendor performance
- Enhance security

Solutions

- Integration of 10 WAN suppliers with dedicated network operation center (NOC)
- Governance with associated SLAs
- Building a database with vendors, online order management and a web portal
- Contract management finance reporting
- Security center and dedicated security officer

Results

- Greater vendor visibility and control
- Enhanced user experience
- Improved operational effectiveness
- Governance / ITIL processes standardization
- Flexibility when on-boarding new suppliers to meet future needs



They chose to outsource full communications to Orange for staff rationalization, cost reductions and infrastructure improvements

Global pharmaceutical company headquartered in the UK with revenue of over £25 billion in 2016. It has 99,300 employees – and the IT contract covers 67 countries in five global regions.

Challenges

- TCO reduction: budget pressure due to delayed drug releases and M&A
- Simplification: operational complexity amassed over time
- High internal management costs
- High costs due to sporadic procurement through various regions

Solutions

Role as an MSP:

- Offering Network services LAN / WLAN
- Security / application performance
- Voice: Legacy TDM, UC, Audio Conferencing, SIP
- Role as an MSI
- Asset takeover / managed takeover
- Integrated service desk, program office, service management
- Spanning all 67 geographies

Results

- Greater use of hybrid connectivity; Network overall TCO reduction of 53%
- LAN / WLAN overall TCO reduction of 72%
- Expanded Cisco UC platform to 75,000 global users for 32% short term TCO gains
- SIP trunk provisions for outbound and inbound + mobile traffic to on-net resulted in short term TCO reduction of 77%



They chose Orange MSI to drive digital transformation and regain its global competitive position

One of the world's foremost providers of consulting, technology and outsourcing services. It is headquartered in Paris, with over 190,000 employees in more than 40 countries worldwide. Its 2016 revenue was over €12 billion.

Challenges

- Business evolution drives need for innovative technical infrastructure
- Ambition to regain commercial competitiveness via lower costs, greater team flexibility and shorter deployment times

Solutions

- Orange MSI Solution covering SDN, data, voice (VoIP, TollIP, Call Collect, BTG, SBC)
- Dedicated global NOC (India)
- Worldwide Governance team
- End-to-end SLAs for third party operators
- Enterprise connectivity and high speed data links

Results

- Enhanced business agility to meet rapidly changing client demands
- Reduced TCO via network rationalization and data center consolidation
- Simplified vendor management
- Infrastructure and processes will support future growth



They chose Orange MSI to ensure consistent, efficient vendor management with enhanced performance and lower TCO

Global science-based company active in health, nutrition and materials with solutions that nourish, protect and improve performance. It is headquartered in the Netherlands and has over 20,000 people in 50 countries worldwide. Its sales in 2016 were over €7,000 million.

Challenges

- Improve operational and performance of vendors – complex model of cloud, internet connection and network providers
- Need consistent management processes
- Reduce TCO

Solutions

- Orange MSI Solution – VPN and integrating six WAN suppliers
- SIAM desk manages Orange and vendor incidents
- Supplier Value Manager to optimize telecom access cost
- Governance via Letter of Authority and OLA
- Performance control: Service Now, ebonding

Results

- Reduction in TCO
- Consistent incident management aids faster resolution
- Handover of vendor management to Orange frees up internal resource
- Single ITIL portal aids governance

What we offer

Orange Business Services allows you to pick and choose from a range of supplier and contract management capacities. We seamlessly integrate and manage multiple suppliers of IT and networks using a flexible approach.

Our mission is to deliver the promise and value of hybrid IT and networks by integrating and operating all communication infrastructure suppliers. This provides seamless access to the cloud and optimal application performance.

Our MSI offer consists of a wide set of functions, processes and services to solve the integration and management issues of IT organizations. We commercially and operationally manage multiple suppliers to integrate and orchestrate seamless services delivery. Our commitments include:

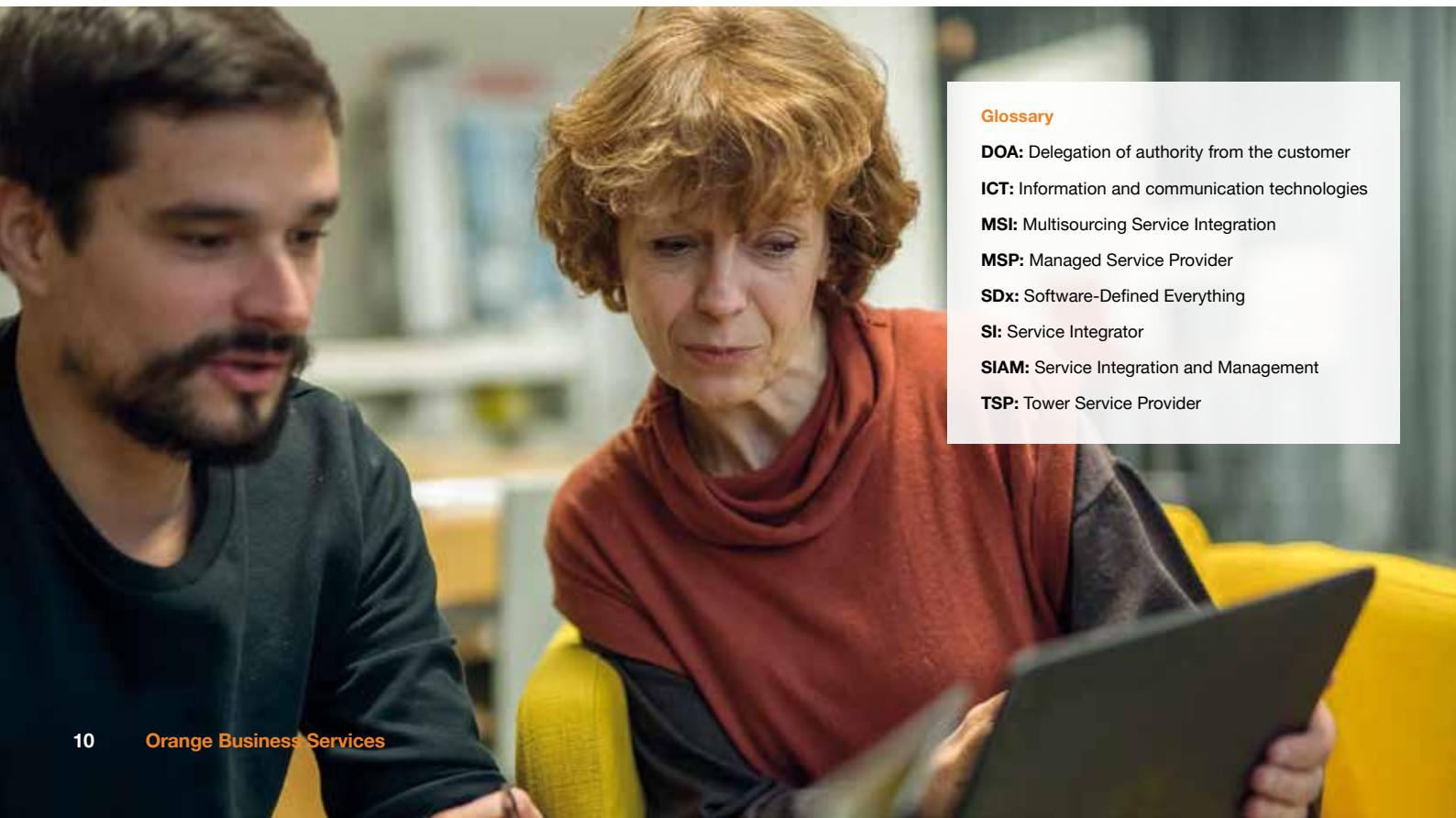
- Driving down the current total cost of ownership (TCO)
- Increased business agility from faster time-to-market and IT-on-demand services
- Low-risk transition to the Orange ecosystem and new third-party suppliers
- Operational management of all service towers, irrespective of supplier

- Removal of hidden costs and duplicated overheads of operational and service management
- Creation of a new flexible commercial model and an improved operating model to enable a more agile DevOps environment.

Delivering on our commitments

We have already delivered on our MSI commitments for many of customers. These include:

- Major incidents reduced by 40%
- Time to fulfill service requests reduced by 50%
- Governance overhead reduced by 80%
- TCO reduction year-on-year by 8-10%
- An ecosystem speaking the same language



Glossary

DOA: Delegation of authority from the customer

ICT: Information and communication technologies

MSI: Multisourcing Service Integration

MSP: Managed Service Provider

SDx: Software-Defined Everything

SI: Service Integrator

SIAM: Service Integration and Management

TSP: Tower Service Provider

Delivering seamless hybrid IT and network services

Orange delivers a range of seamless hybrid and network services in four areas, namely:

Network and communication services integration and management

Orange integrates and manages network services from different suppliers to provide the best set of performance, flexibility, and reliability. We can also manage IP telephony and collaboration, on-premise and in the cloud, and providing security services for all these components.

Multiple accesses to the cloud and management

Orange provides direct and secured access to a range of selected cloud partners. These managed connections give you seamless and high-performance access the cloud.

Application performance management

We deliver application performance management solutions using technology from partners including Riverbed, Ipanema, Dynatrace, Cisco, Nexthink, Akamai and others. Services cover visibility, optimization, control and branch IT consolidation.

Application service integration and management

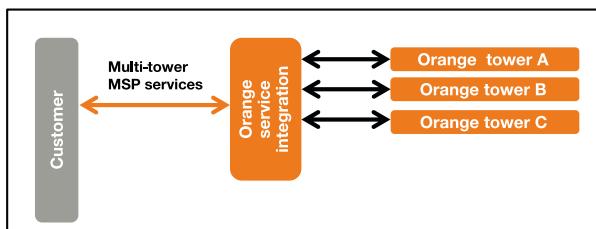
Orange can provide applications and manage them specifically on a case-by-case basis.

Orange has developed a flexible approach to adapt solutions to your business requirements. Options range from full integration to overlay MSI, and we can separate the approach between Orange as a service provider and Orange as an MSI provider.

We propose four models for a flexible approach to service integration:

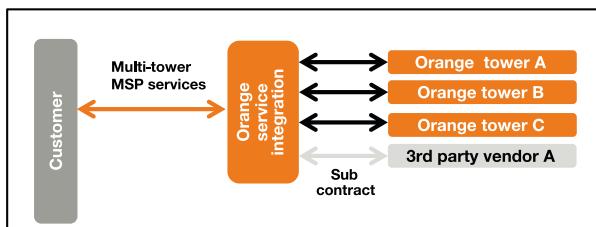
With an MSP-centric approach

1. Orange as a multi-tower MSP



- With single sourcing
- Complex service integration of Orange managed services

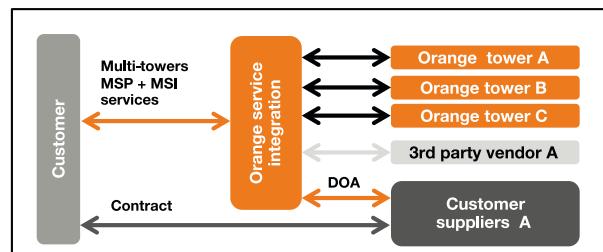
2. Orange as an MSP with vendor managed services



- Outsourcing
- Integration of Orange and vendor managed services

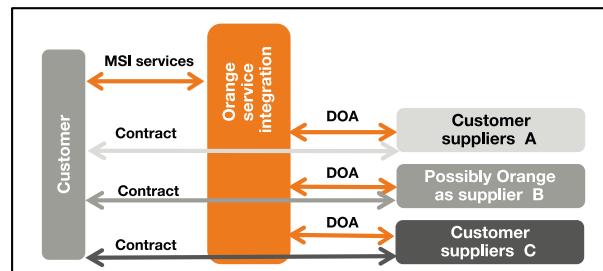
With an MSI-centric approach

3. Orange mutualizing MSP and MSI services



- Offering an hybrid MSP/MSI model mixing Orange and third party managed services

4. Orange providing MSI services in overlay mode



- Offering an overlay mode with 100% third-party managed services (with possible Orange considered as a third party)

Why Orange?



Our global presence

Orange operates the world's largest seamless voice/data network and offers end-to-end connectivity services in more than 220 countries and territories.



Our service expertise

We have 800+ ITIL certified employees and 100+ Service Now experts globally, and manage more than 1 million devices and 1.5 million voice ports daily.



Our research and innovation

Our research and innovation teams are located in 12 countries, with 8,000 employees dedicated to research and innovation and 6,930 patents in our portfolio.



Our awards

We have a wide range of expertise and have been awarded best global operator six times in the last nine years.



Our partners

We have over 1000 integrated partners across the globe.



Our security centers

Our six SoC around the world monitor and respond to events 24/7/365 with 3,400 dedicated experts and two CyberSoc for expertise in threat analysis.

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