Transition and Transformation
Transitioning services with minimal risk
Summary

To transition services is a complex process involving many issues. When outsourcing to IBM, you gain the benefit of our qualified transition professionals and their dedication and experience in providing fully scalable project management capabilities. Using IBM's methods, these are some of the key project benefits we are able to offer:

- **Risk is managed more effectively** because the project is properly defined within your business environment and threats are clearly identified and mitigation plans developed.
- **Productivity is increased** through a clear definition of roles, responsibilities and deliverables. This gives a faster start up, less rework and more productive time in the project.
- **Communication is easier and clearer** using IBM’s teaming and comprehensive communications approach.

To transition your IT service delivery, whether directly from your internal IT organisation or from another service provider, is a critical effort with potentially significant impact on your operations. To manage the risks, IBM takes a stringent, unwavering approach to transitions, executing them in a non-disruptive and responsive manner, always geared to managing any issues that might arise.

Depending on your specific objectives, IBM can also carry out transformation initiatives to help ensure your IT Services meet your business requirements. Sometimes, these initiatives can be carried out in conjunction with the transition to achieve your objectives sooner or they can follow the successful completion of transition. Regardless of the scope, IBM will develop and assure detailed plans and costs to deliver the agreed solution.

The execution of a transition and transformation plan is supported by IBM's worldwide methodologies and processes, drawing on extensive experience and focusing on areas such as: human resources, people and cultural change, supplier management, security assessment, IT infrastructure service readiness, application management readiness and handover coordination.

There are risks associated with every transition. But through our risk management approach, we aim ensure that all risks are identified and mitigation plans are put in place. Risk analyses and containment plans address all aspects of a project, and include elements such as:

- Financial impact;
- Schedule impact;
- Quality impact.

Over the years, IBM has undertaken a large number of outsourcing engagements and is able to bring this experience to bear on the project.
1. Transition and Transformation: What is it?

An outsourcing contract typically consists of three distinct phases of service delivery referred to as: Transition, Transformation and Steady State.

The transition phase covers the standard activities involved in IBM taking over service delivery responsibility from either your internal IT organisation or an incumbent service provider. These activities typically include the transfer of staff, establishment of the IT support and management environment, set up of workplace logistics, as well as any interim processes and tools necessary to enable the changeover. Transition can also involve the transfer of your staff to IBM, a move that must be handled with great care and sensitivity.

Following the successful completion of transition, the transformation phase describes jointly agreed optional projects undertaken to enhance the technical and business environment to an agreed level. Transformation is managed as a series of projects in parallel with IBM delivering the steady-state services. In some cases, where business imperatives require it, the transformation can be run in parallel with transition.

The projects undertaken during transformation are described as either standard or customised. Standard transformation encompasses the activities undertaken to evolve from your existing environment to the environment required for IBM to achieve the agreed improvements. Typically, this involves adopting appropriate IBM processes and tools.

The scale of transformation varies from client to client, but it is generally during this phase that IBM is able to start to deliver the agreed service improvements and productivity gains. While the planning for transformation starts shortly after contract signing, the activities involved in achieving transformation can continue over a longer period of time depending on your business requirements.

Sometimes it can be necessary to include additional customised transformation projects to achieve the agreed solution and targeted environment. Since the scope and size of customised transformation projects vary significantly, so will the solution, costs and implementation timeframe.

For a successful outcome, IBM’s approach to transition and transformation is to:

- Commence planning as soon as possible;
- Develop a practical solution designed to minimise risk;
- Make minimal changes during the service take-up phase;
- Use a phased approach to allow measurement and quality of transition deliverables;
- Carry out comprehensive testing prior to handover;
- Break the project down to logical sub-projects to maintain control and manage risk.

When does Transition and Transformation occur?

In an outsourcing project, the transition phase takes place in the period between contract signing and service start-up. Transformation (broken into standard and customised projects) typically starts at the successful completion of transition and ends when your environment has reached the desired state.
Business view of the Transition, Transformation, Special Transformation Projects, and Steady State

- Contract Signature
- Service Commencement
- Interim Service Delivery
- Transition & Transformation
- Transition
- Standard Transformation
- Customised Transformation Projects
- New Steady State
- Steady State Service Delivery
- Time Segments
- Contract End
2. How IBM does it: Our Disciplines and Methodologies

When IBM assumes responsibility for the management of your environment, we are able to draw upon a proven transition approach and structured set of tools, methodologies, architecture, and most importantly – the experience to plan and manage the project to ensure minimal impact on your business.

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**IBM Global Transition and Transformation Architecture**

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- IT Infrastructure
  - Cross tower
  - Enterprise servers
  - Distributed servers
  - Desktop services
  - HelpDesk
  - Network services
  - Tool implementation

- Application
  - Attainment of SEI CMM-SW to the intermediate level

- Business Processes
  - Attainment of SEI CMM-SW to the ultimate committed level
  - Function point measurement program
  - Global delivery centre work migration

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Examples

- HelpDesk consolidation
- Data centre move
- Desktop refresh
- Server consolidation
- Global sourcing
- Disaster recovery
- Hot site services

Examples

- Implement workflow & image
- System rationalisation
- target systems build

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*IBM Global Transition and Transformation Architecture is employed to plan the project. IBM’s Worldwide Project Management Methodology and Global Services Method are used to manage the project implementation.*
Transition Management Overview
The following describes the types of activities covered by transition. IBM will work with you to agree and plan the transition based on your specific circumstances and business imperatives.

TRANSITION
The activities that must be carried out in order to enable the IBM Account Team to assume responsibility for the pre-existing environment and to effectively achieve an agreed level of IT service delivery.

Transition Project Office:
- Set up the project management control structure and relevant processes.

Human Resources:
- Manage the transfer of people, their pay & conditions to IBM.
- Define the resource plan necessary to deliver the services.

Workplace Services:
Establish a working environment for the transitioned (in-scope) people or for the IBM Transition and Delivery teams, such that they can perform their roles.

People Cultural Change:
- Provide an environment where your employees feel welcome, valued and productive as they transition to IBM.
- Ensure that IBM staff newly assigned to the project have an opportunity to understand your organisation’s culture.

Supplier Management:
- Negotiate, obtain vendor consent and transfer the in-scope 3rd party contracts and resources to IBM.
- Establish ongoing procurement processes for the account team.

Security Assessment:
Understand your existing security policy and current practices, including IT Security scope, processes, security settings, and requirements related to the contracted services. The finding of this review effort will be formally documented as the baseline and analysed by IBM for potential issues. Any changes will be discussed and agreed with you.

Management Systems:
Establish the management systems that provide the controls necessary for effective service management, resource management, contract management, etc.

Finance:
Establish the financial controls and billing process for the financial management of the relationship.

Program Communications:
Establish an effective communications plan, mechanism, and ownership for internal and external information sharing.

Handover Coordination:
Ensure the handover of assets (i.e. hardware, facilities, physical properties, etc.) from your organisation to IBM is completed in an orderly, consistent and timely manner. Set up a permanent, centralised record of what has been received from your business.

Property:
Manage any leases, rents or new building purchases necessary to provide the services.

Service Commencement Readiness:
- Assess pre-existing processes, tools, documentation and staffing within your organisation.
- Organise an orderly transfer of staff, knowledge and services from the current operation to IBM so the Service Delivery team can assume management responsibilities for the in-scope services by service commencement date.

Service Readiness is performed in the weeks prior to service commencement and audits IBM’s service delivery readiness & processes.

IT Infrastructure Readiness: Ensure the technical environment necessary for the Service Delivery team to perform their responsibilities using either your existing processes and tools or “interim” processes and tools until the transformation projects are completed.
Application Management Readiness: Implement initial application delivery processes, service requests, problem and change management etc. Stabilise work efforts, establish baselines and measurements. Prepare the Application Services organisation for the transformation phase which implements the steady state processes and tools.

Business Process Readiness: Inventory and assess your business processes and tools in order to set up the required controls, process and infrastructures for the service delivery team to assume business process responsibilities and operations.

Client Environmental Analysis:
Orchestrated and perform technical data, application inventory data, resource data discovery and collection via an Environmental Analysis as needed to support the agreed transformation efforts. As appropriate, coordinate and perform “best of breed” technical tool/process evaluations/recommendations.

Transformation Management Overview
The following describes the types of activities covered by transformation. IBM will work with you to identify what may be needed for your environment.

TRANSFORMATION
The activities that transform the in-scope services from the interim processes, tools and environment to the long term, steady state environment as agreed with you.

Transformation Project Office:
Establish project management control processes and organise the transformation team to ensure the agreed transformation activities are completed.

Transformation Planning and Initialisation:
Develop and assure detailed transformation plans ready for execution by the transformation teams. Coordinate the transformation activities and schedule with the transition team to ensure interlocking at the appropriate time and place.

IT Infrastructure Transformation:
Transform the necessary processes, tools, and environment from the “interim” state to the agreed “steady state”.

Application Management Transformation:
Set up the methodology and tools and establish the project plan to progress the SEI CMM Software maturity level from the current level to the desired level.

Business Process Transformation:
Implement best business practices, technology improvements and industry standards and certifications (e.g. CMMI, eSCM) to drive toward the cost reductions and performance enhancements agreed with you.
Transition and Transformation Project Management

There are four fundamental tenets that underpin IBM’s approach to managing projects, including transition and transformation projects:

1) **Project management process** – the project team completes a definition and planning phase to ensure the scope of the project and its accompanying risk factors are understood and agreed.

2) **Project organisation and responsibilities** – members of the project team define and agree the key project team members and their roles and responsibilities, including appropriate client sponsorship and involvement to ensure project results are achieved.

3) **Project phases** – work is phased to provide the opportunity to reassess risks at key milestones throughout the project.

4) **Project management system** – a management system is established to define and apply the appropriate governing processes for all project activities.

These tenets provide the basic structure for the project and establish the roadmap for a successful journey to project completion.

To provide our teams with a consistent approach worldwide, IBM has developed the following methods:

- **Worldwide Project Management Method** – establishes and provides guidance on the best project management practices for defining, planning, executing and controlling a wide variety of projects.

- **IBM Global Services Method** – provides guidance on the technical aspects of a project.

The purpose of these methods is to provide tested, repeatable means of delivering solutions that result in successful projects that meet your expectations. IBM adopts both methods when implementing transition and transformation projects.
3. Transition Governance

A critical success factor for transition is a well-defined governance model that provides you with the appropriate level of control during the transition period. Through this model you and IBM jointly establish clear guidance for the migration of work and the control of critical issues. The governance model is illustrated in the chart below. It is hierarchical in nature and tailored to individual client requirements.

a) Transition Steering Committee
The first level of the governance structure is the Transition Steering Committee, which is made up of executives and senior managers from your organisation and from IBM. It has the authority to establish the strategy, set the program objectives and determine the business priorities. Its purpose is to oversee the transition at an executive level.

The main responsibilities of the Transition Steering Committee are:

- Contribute to overall transition planning;
- Approve transition start date;
- Approve deviations from the transition timetable;
- Approve the cut over to steady state;
- Approve change requests during migration;
- Monitor/track progress of the transition;
- Keep affected parties in the respective organisations informed of the transition status;
- Address escalated issues and drive dependencies.

b) Transition Management Team
The second level in the governance structure is the Transition Management Team. It includes program management representatives from your organisation, the current service providers (where applicable) and from IBM. In addition, a Transition Program Office is established to take responsibility for the overall management of the transition. This office works under the direction of the Transition Steering Committee and its role is to focus on reviewing transition plans, monitoring progress, provide incumbent supplier management (where applicable), issue resolution, escalation management, assessing quality, status reporting and project change control.

c) Transition Sub-project Teams
The third layer of the governance structure represents the team(s) established to manage the transition and perform the day-to-day transition activities.

d) Reporting and Reviewing
Regular Steering Committee meetings are established to review transition status and focus on any risks or issues that might impact on the success of the project and the actions needed to address them.

If transformation projects are identified for your organisation, a similar governance mechanism will be agreed and established, depending on the nature and scope of the projects.
4. Risk Management

Like any project, transition and transformation projects contain elements of risk and IBM’s approach is to assess these risks with you, establish appropriate mitigation plans and then proactively manage the identified risks to closure.

IBM has a standardised risk management process that is used as a starting point to define the risk management plan. A risk identification workshop is convened early on in the project planning phase where identified risks are assigned owners who will be responsible for developing mitigation plans. These plans are assessed and tracked by the project office and project risks become an ongoing focus item for the Transition Steering Committee reporting and reviews.

At a minimum, risk impact analyses and containment plans will include the following:

- Financial impact on the project budget;
- Schedule impact on declared deliverables;
- Quality impact on satisfaction with the deliverable.

**Typical risks involved in transition include:**

- Full or partial interruption of service;
- Departure of key employees;
- Shortfall in skills and knowledge;
- Compromised security levels;
- Availability of appropriately skilled resources;
- Lack of transparency;
- Miscommunication.

You can be confident in the knowledge that IBM has the skills, experience, processes and resources to manage any of the risks to your business during transition and transformation.
5. Critical Success Factors

Successful transitions are characterised by the way in which critical factors are addressed and managed. It starts with executive sponsorship and commitment from your management team. The importance of management involvement in all aspects of the transition and transformation process cannot be overstated. This management commitment extends to areas such as teaming, buying in to the process and active participation in communicating with staff.

Equally important is an immediate focus on knowledge transfer to ensure that the necessary skills to support the IT environment in its current state are retained until the transformation is complete.

Other important elements

**Teaming:** It is critical for you and IBM to work on the transition as a team. It is key that:
- Both your organisation and IBM are committed to success;
- Strong partnership and relationships are forged from the start;
- Roles and responsibilities are agreed between your organisation and IBM;
- Communication occurs frequently.

**Scope and requirements management:** The transition and each transformation project need a clear statement of requirements and an agreed scope from the outset in order to enable management of the deliverables, project milestones, cutover and service take-up. A strong change control process is also essential to preserve the project schedule or formally approve changes to it. The important elements are:
- Deliverable and milestone definition;
- Joint planning workshop;
- Mutual sign-off on scope and timetable.

**Governance:** Right through the transition project issues will arise that require your management support. It is essential to success that the management team is active in the governance of the project and reviews issues, provides leadership and makes the necessary decisions when required. At a high level, strong governance is responsible for:
- Committed and supportive management;
- Proactive and timely decision making;
- Alignment of expectations and formal agreement on the delivered value.

**Communications:** The importance of communication in a transition project cannot be overestimated. The transition period can be an unsettling and uncertain time for your organisation and your employees. If this is not carefully managed, it can lead to a resistance to change. A well thought out communications strategy that not only deals with the technical aspects of transition, but also focuses on the people doing the work and the impact on the organisation is absolutely key. Communicating, engaging and setting the right expectations with all stakeholders on a regular, timely and honest basis is an important element for success.

**Resourcing:** While IBM brings skilled and experienced transition personnel to the project, your staff are also essential to the success of the project. Without the knowledge and skill they contribute it is very difficult to execute a transition. Elements for success are:
- Supportive, proactive management;
- Skilled resource availability for the duration nominated in the agreed project schedule, from both your organisation and IBM;
- Client specific knowledge provided in a timely manner;
- Staff empowered and motivated to provide critical requirements and information.

**Dependencies:** It is important to identify the project dependencies and obtain commitments from all relevant parties to fulfil their project responsibilities within the agreed timeframes. It is equally important that when delays are unavoidable there is a plan for how any impact can be mitigated in order to maintain the project schedule. All relevant parties should be part of the governance process.
Over the years, IBM has undertaken a large number of outsourcing transitions, including transitions for clients with incumbent service providers.

As a result, IBM is able to bring competency-based leadership and experience to your transition project, coupled with a robust governance process.

**Skills and Experience**

Transition and Transformation is a formal discipline at IBM. We have a program of formal training that all Transition and Transformation Project Managers must attend to achieve formal certification. Focused on the specific requirements of transition and transformation, this training emphasises the role of the architecture, common processes and use of intellectual capital.

**Documented Intellectual Capital**

IBM’s extensive experience in outsourcing and managing transitions has allowed us to develop and capture the relevant processes in standard databases, forming a vast repository of intellectual capital. This intellectual capital enhances the quality of our transition projects and reduces the risk and cost to you.

*IBM takes a stringent, unwavering approach to transitions, which is to execute them in a non-disruptive and responsive manner, always geared to managing any issues that might arise.*