

As many enterprises move away from large managed service contracts toward a best-in-breed model for service provision, a greater emphasis on governance, integration, and data and information aggregation is required. Service integration and management (SIAM), or multi-sourcing integration (MSI), can help CIOs increase agility and ensure alignment and integration across multiple IT services and technologies.

### **What should be in a CIO's IT strategic plan?**

SIAM is much more than a buzzword. The SIAM model represents a useful way of addressing the multisourcing challenges facing organizations that outsource their IT functions (e.g., network, data center, end user) to many service providers. SIAM ensures that this multifaceted IT supply chain -- which can spiral out of control -- aligns with the needs of the enterprise in a seamless and integrated manner. The need for such an approach has been brought into stark focus by the increasing popularity of "as-a-service" offerings for infrastructure (IaaS), Software (SaaS) and Platform (PaaS).

To ensure that the SIAM model can function effectively, a strategic management layer must be in place, typically with the enterprise's retained IT function.

### **Drivers for a multi-sourcing approach**

As IT services become more commoditized, corporate IT functions are seeking to focus on the strategic aspects of IT rather than the tactical management of service providers or provisioning of the services. Additionally, organizations are seeking increased agility to change strategic direction more easily through "plug and play" and "as-a-service" IT

provision. They are also looking to utilize service providers that can optimize service delivery, drive innovation and improve service availability and reliability.

Multi-sourcing supports this industry direction by providing diverse service delivery models. This places a new emphasis on the capability to integrate the service providers into one seamless and cohesive unit. This is a challenging role that many organizations have looked to take on themselves through investment in their personnel and technical resources but, as organizations focus more heavily on their strategic core, external integration services are becoming more prevalent.

Therefore, many service providers have begun to realign their offerings to include a "SIAM-as-a-service" capability.

### **The role of the service integrator**

To ensure that the multiple services are aligned with the overall expectations of the business and that all of the contracted parties work together, a service integrator, fulfilling service integration activities, is necessary. Dependent on a number of factors, such as maturity and implementation time, the service integrator role may be performed internally or sourced externally.

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Multi-sourcing can boost IT and business agility, but the approach can also spiral out of control. The SIAM model aims to ensure delivery is seamless and strategic.

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In the SIAM model, the service integrator is accountable for ensuring that all of the service providers perform to deliver a seamless service that is aligned to the contractual commitments made between the providers and the IT/business organizations. This differs from the traditional managed service provider model as most service providers are external to the service integrator organization and, therefore, demand more stringent integration. Typical activities of the service integrator include:

1. communicating and managing alignment to the organization's policies and standards;
2. measuring and monitoring process performance (effectiveness) regularly;
3. managing end-to-end service level management performance, retaining overall accountability;
4. managing cross-service corrective actions, continual service improvement and innovation activities;
5. handling cross-service incidents and root cause analysis activities, especially major incident management;
6. overseeing cross-service change and release management; and
7. delivering and managing an IT Service Management (ITSM) tool to aggregate ITSM lifecycle events and information related to service performance.

Service integration is necessary to ensure that, subject to the contracted scope, the design, transition, operation and

improvement activities are aligned. The procedures for

each of the processes within the service management lifecycle stages must identify appropriate integration points for the model to be effective. For example, an organization may define the touch points between the service desk and the network service providers during the course of an incident or define how and when the service-level performance will be reported to the integrator.

### **Retain or source?**

A key tenet for enterprises is to retain a minimum level of strategic control and overall governance of IT service provision, as this allows it to concentrate on its strategic core while determining which services will be sourced. There are three key activities that the organization's governing body must perform when governing IT, namely:

1. **“Direct”** defining strategy and policies for service provision;
2. **“Evaluate”** evaluating proposals and plans from the service providers; and
3. **“Monitor”** assessing service performance and monitoring alignment with documented expectations.

It is important, therefore, that capabilities should always be retained within the customer organization to support the governing body in performing its IT governance role and to ensure that the end-to-end service provision remains aligned to the needs of the business.

Retained IT governance mechanisms are quite often under invested in by the customer organization during the transition and service delivery lifecycle stages.

In a multi-sourcing IT operating model, it is imperative that the retained IT organization has a clearly defined mandate with appropriate resources to enable it to perform its function. The future state retained IT operating model can be implemented over a phased period of time focusing on priority process areas.

Key strategic processes can be aligned to the Direct, Evaluate and Monitor activities, however, it should be noted that the three governance activities apply to all key processes at different points in time. IT governance should be aligned with overall organizational governance and its requirements should permeate through the supply chain.

#### Retained IT processes aligned to “Direct”

- **Business Relationship Management;** defining the strategic approach to understanding the business plans and objectives, achieves agreement on setting up effective relationships between key stakeholders, supports business change and acts as an advocate for the business in IT and for IT in the business
- **Demand Management;** understand and influence business demand, trend business demand and establish plans to support the agreed needs

- **Enterprise Architecture;** includes the assessment of strategic capabilities and changes required to the current capabilities, the description of inter-relationships between people, processes, services, data, information, technology and the external environment
- **Service Portfolio Management;** define and analyze new or changed services, approve new or changed services and review the service portfolio to support ongoing alignment to business needs to the extent warranted
- **Financial Management;** overall policy setting including budgeting, accounting and charging mechanisms. Control of financial asset utilization, ensures compliance to legal and regulatory obligations
- **Information Security Management;** ensuring that the confidentiality, integrity and availability of the customer organization’s assets, data, information and IT services aligns to the agreed needs and legal & regulatory requirements
- **Vendor/Supplier Management;** definition of the vendor sourcing strategy including strategic vendor tiering and strategy for sourcing

#### Retained IT processes aligned to “Evaluate”

- **Program and Portfolio Management;** definition, implementation and review of portfolio structure, alignment with financial management, facilitates decisions on prioritization of resources

**ConCtual Service Improvement;** analyzing current performance across processes, procedures, people, tools and service providers to identify improvement opportunities and manage prioritized improvements throughout their lifecycle

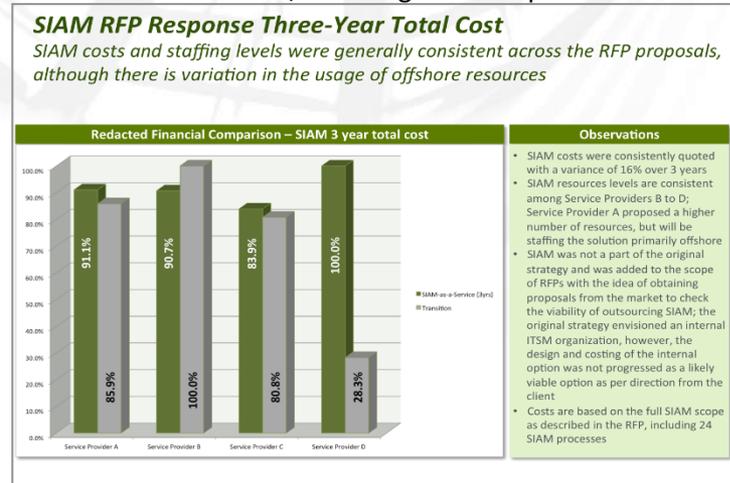
**Retained IT processes aligned to “Monitor”**

- **Service Performance Management;** monitoring of service level agreement performance, assessing continual improvement initiatives for effectiveness
- **Contract Management;** negotiate and resolve contractual issues, manages contractual change process, ensures legal and regulatory compliance via contracts, assesses the alignment to contractual obligations, uses KPIs to monitor and challenge performance and identify improvement opportunities
- **Financial Management;** monitors IT expenditure and alignment to IT financial targets, monitors charge/re-charge and revenue/cost recovery, establishes improvement opportunities for alignment/re-alignment to financial policies and plans
- **Service Acceptance Management;** formal confirmation that pre-determined acceptance criteria have been met and that the service provider organization is ready to operate the deployed service as per the contractual commitments This section & the diagram below are misleading in that they suggest that the EDM activities are performed in the internal IT organisation - they are performed by the Board or Governing Body

**SIAM market place commentary**

While the concept of multi-sourcing and integration of service providers has been in place for some time, the SIAM-as-a-Service market is still relatively immature. However, the market place is rapidly evolving.

With reference to **Figure 1** below, during a sourcing exercise for SIAM-as-a-Service capabilities, SIAM costs were consistently quoted with a variance of 16% over 3 years. SIAM resource levels were consistent among Service Providers **B to D**; Service Provider **A** proposed a higher number of resources, but proposed staffing the solution primarily offshore. Costs are based on the full SIAM scope as described in the RFP, including 2ti SIAM processes.



**Figure 1 – redacted SIAM 3 year cost with internal comparison**

There was consideration of performing the service integration role internally. However, in this particular case, the internal capability was relatively immature and needed

a strong emphasis on re-focusing its management system (policies, processes and skillsets) to re-align to the specific governance needs of a multi-sourced operating model. Cost and time constraints excluded the internal option from the final assessment.

With reference to **Figure 2**, of the external service integrator options, Service Provider **A** received the highest RFP requirements score, resulting from high scores across SIAM requirements and SIAM narrative questions.

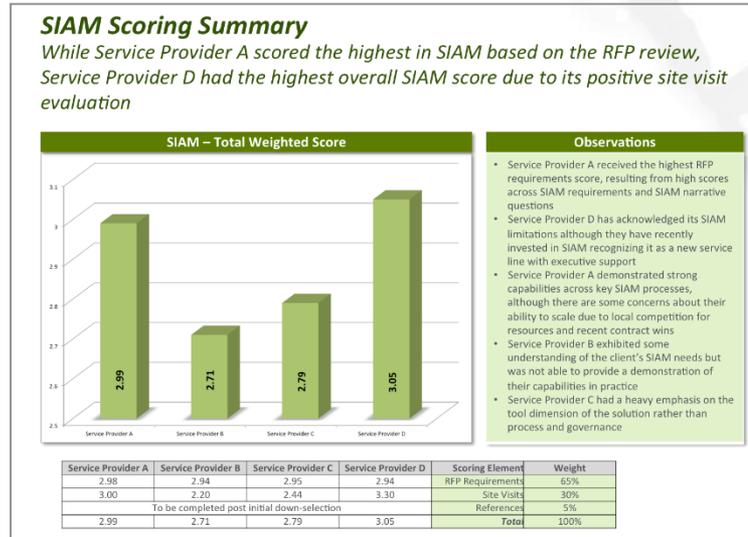


Figure 2 – redacted SIAM RFP response scoring summary

Service Provider **A** demonstrated strong capabilities across key SIAM processes, although there were concerns about their ability to scale due to local competition for resources and recent contract wins.

Service Provider **B** exhibited some understanding of the client’s SIAM needs but was not able to provide a demonstration of its capabilities.

Service Provider **C** had a heavy emphasis on the tool dimension of the solution rather than process and governance.

Service Provider **D** acknowledged its SIAM limitations, although it had recently invested in SIAM recognizing it as a new service line with executive support.

*The SIAM-as-a-Service market place is rapidly evolving. During this period, Service Providers are refining their service offerings*

**In summary**

As CIOs grapple with how to best approach a multi sourced strategy, many enterprises can benefit from taking a SIAM operating approach. Ultimately, we expect the future vendor landscape to further shift toward a SIAM model that is focused on delivering best-practice integration and aggregation.

**About the author:**

David Clifford is a Director at [Pace Harmon](#), a business transformation and outsourcing advisory firm. He has an international track record of over 25 years of business program management and IT service management advisory experience. His background also includes IT strategy development, IT portfolio management, strategic sourcing, and IT operational experience. He has led multinational organizations through major change at an IT level and within the core business operations. David has authored many books in the ITSM, ISO standards and SIAM (service integration and management) / multi-sourcing integration fields. Additionally, he has been involved in developing ITIL® and other ITSM publications.

