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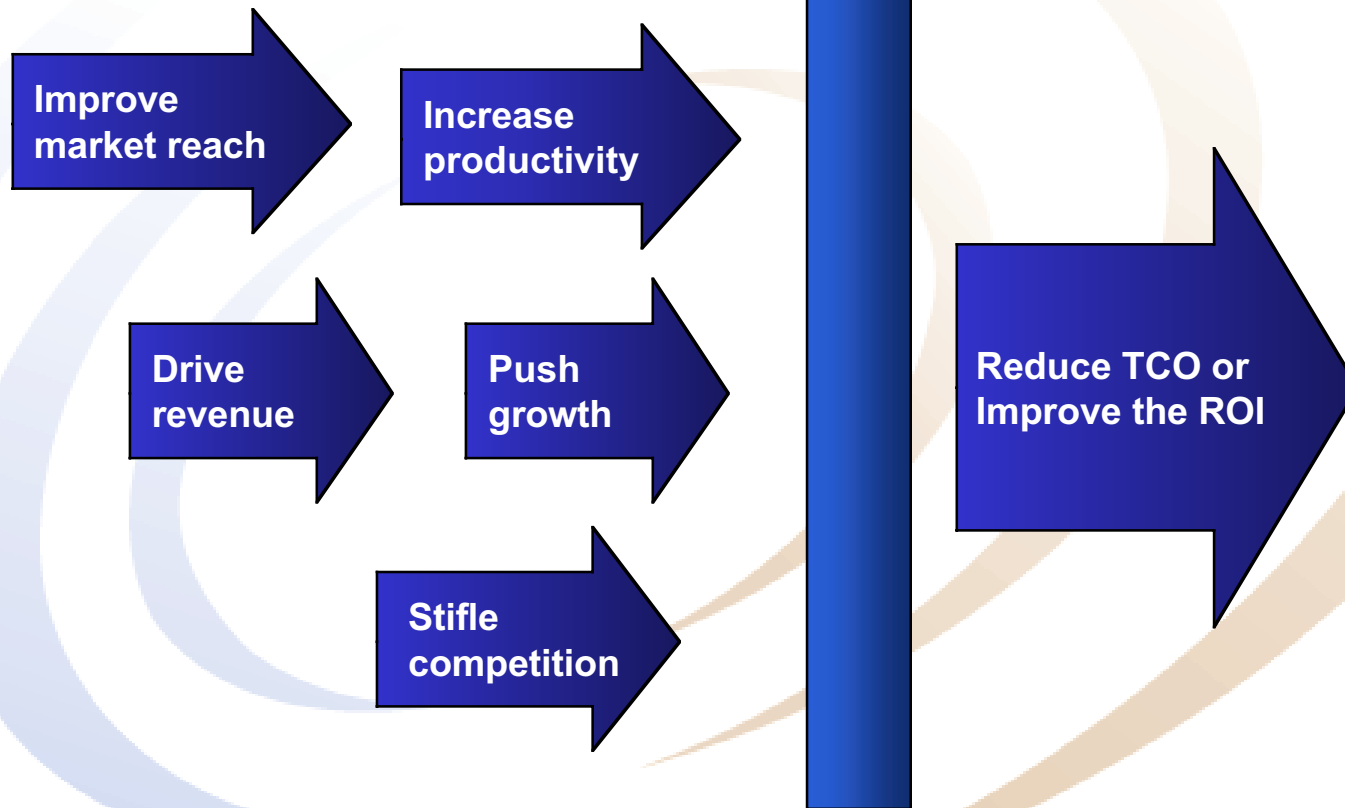# Taking Financial Stewardship of Your Networking Infrastructure

Comnet Presentations

January 2003

Optimizing IT Infrastructure For Business[SM]

What is IT Financial Stewardship?

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Improve market reach

Increase productivity

Drive revenue

Push growth

Stifle competition

Reduce TCO or Improve the ROI
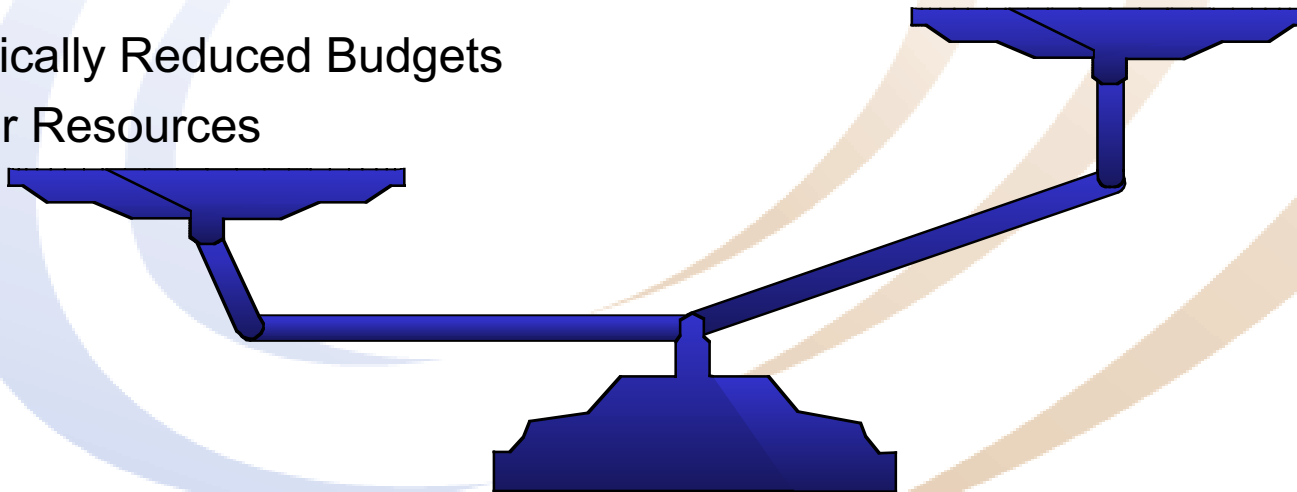
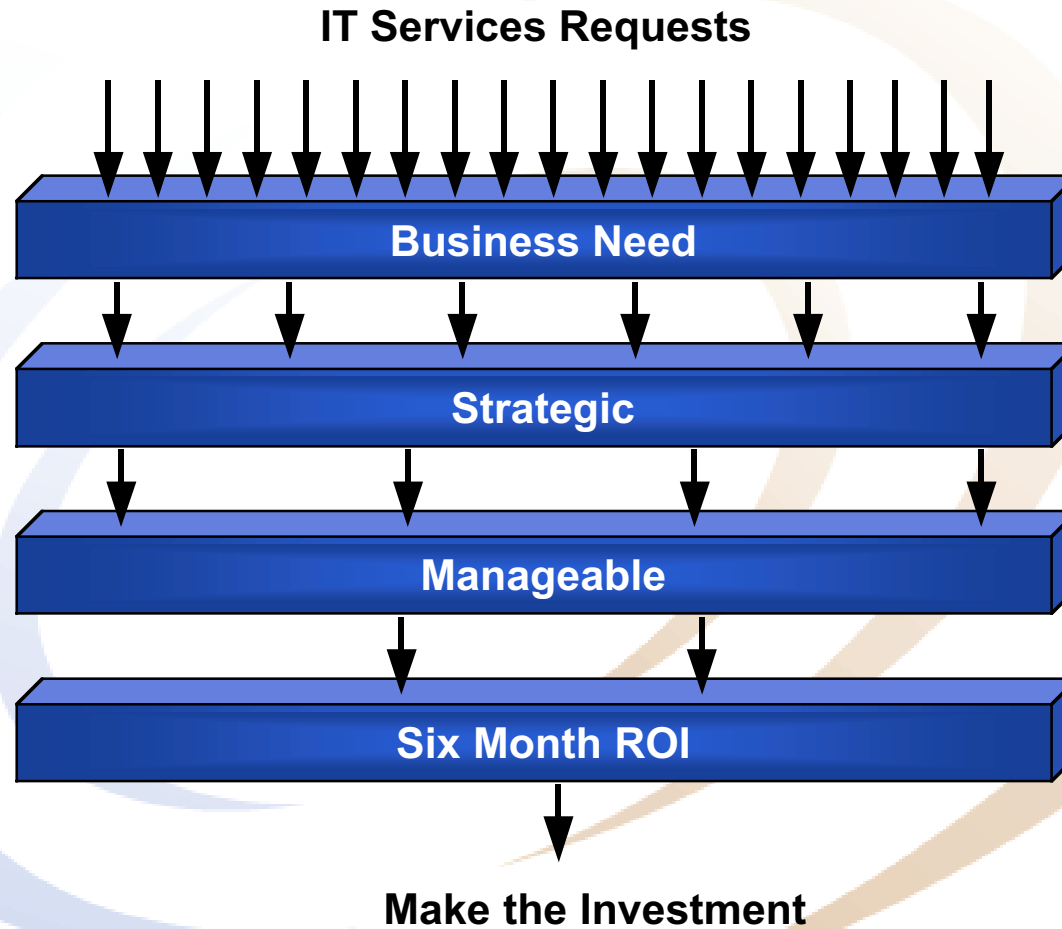*Optimizing IT Infrastructure For Business*[SM]

Why is it so Important?

IT Managers cannot focus solely on providing its customers with all of the IT capabilities and functionality requested.   They have to weigh:

•Guaranteed Performance

• Quality IT Support

•Drastically Reduced Budgets

•Fewer Resources

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Opportunities for Action

- When looking at implementing new technologies

- During the infrastructure integration phase of a merger and acquisition

- When determining their technology strategy for the next 3-5 years

- When their existing voice, data, video, RAS, VPN, wireless, and other service contracts are up

- When determining whether to in-source or out-source

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Baseline Cost Assessment

Quantifying network cost saving opportunities by base-lining an organization's current and projected network costs against those available in the marketplace. Specifically:

- Inventory network cost components

- Baseline monthly recurring cost

- Quantify depreciation costs

- Estimate projected growth

- Identify opportunities for cost savings and /or containment

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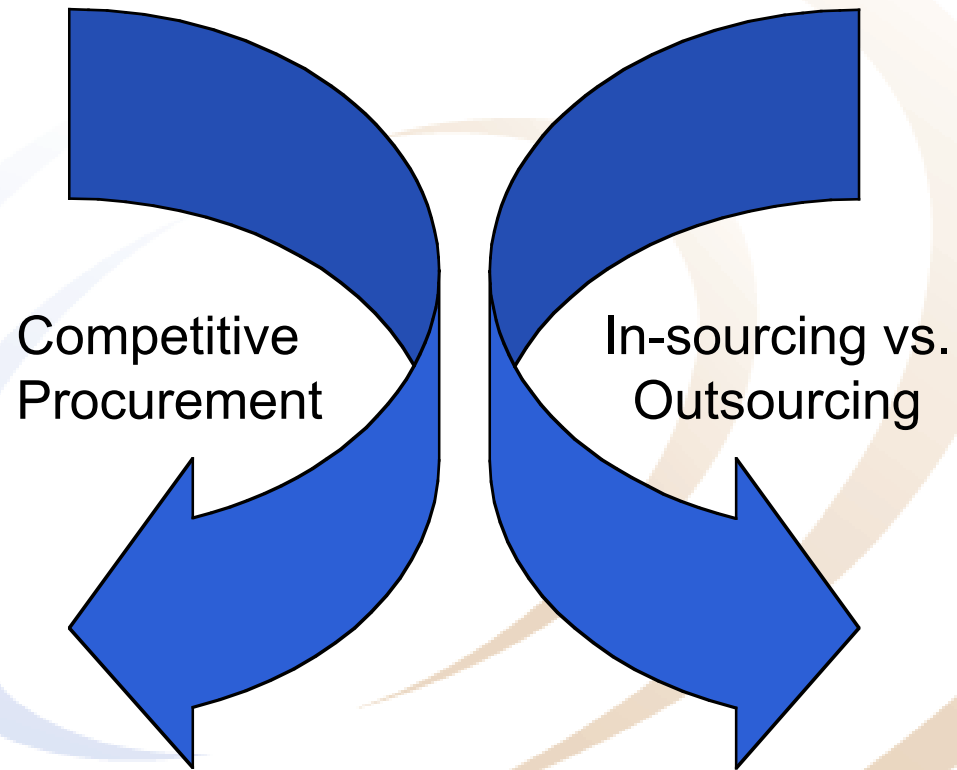
Strategic Sourcing

Competitive Procurement

In-sourcing vs. Outsourcing

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In-Sourcing vs. Outsourcing

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| Determine whether to outsource | Build-Out Capabilities | Transition Services |

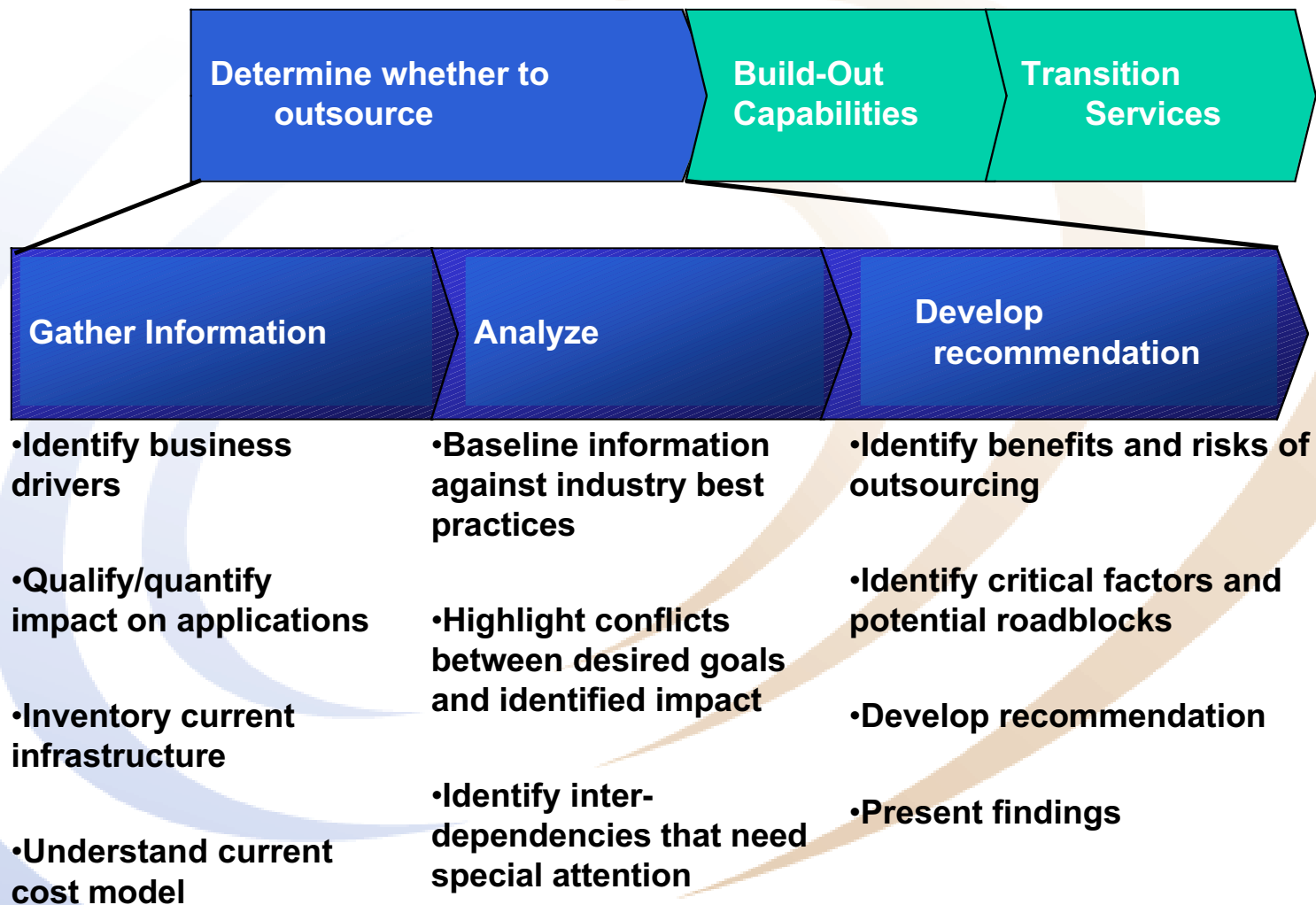| Gather Information | Analyze | Develop recommendation |

Gather Information
- Identify business drivers
- Qualify/quantify impact on applications
- Inventory current infrastructure
- Understand current cost model

Analyze
- Baseline information against industry best practices
- Highlight conflicts between desired goals and identified impact
- Identify inter-dependencies that need special attention

Develop recommendation
- Identify benefits and risks of outsourcing
- Identify critical factors and potential roadblocks
- Develop recommendation
- Present findings

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Competitive Procurement

Negotiate

Ensure that the business and legal terms of the Agreement protect our clients over the life of the agreement
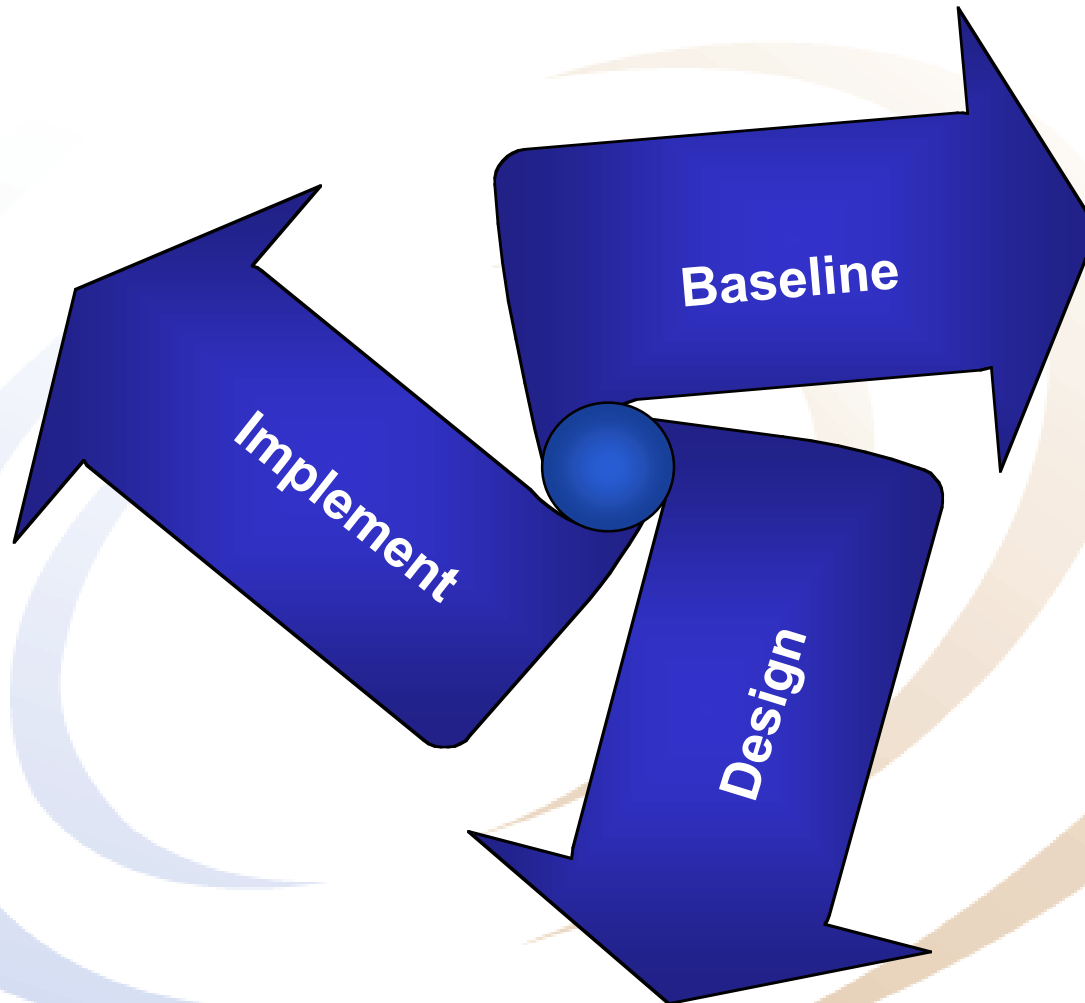
Analyze

Understand what the vendors are capable of and the value they bring to our clients along with an "Apples to Apples" comparison of the costs and levels of services.

Solicit Bids

Get the vendors to commit to as much as you can with respect to business terms and conditions, price, SLAs, in this phase so that it can be used in negotiation later.

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Cost Optimization

Baseline

Implement

Design

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Cost Optimization

Baselining the Current Infrastructure and Needs

- Identify current business requirements

- Understand strategic technology direction

- Understand current network design and cost structure

- Review existing networking contractual commitments

- Identify networking requirements

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Cost Optimization

- **Designing New Infrastructure**

- Develop technical solution hypotheses that meet networking requirements

- Determine to what extent the hypothesis meets the business requirements

- Evaluate the cost of each hypothesis

- Quantify and qualify the advantages and disadvantages of each option

- Formulate recommendation

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Cost Optimization

Implement the Recommendation

- Work with client to procure re-designed network through existing or new providers

- Negotiate agreements including enforceable service level guarantees (with teeth)

- Develop implementation plan

- Negotiate SLAs and terms

- Work with highly qualified GTP engineers to implement new design

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SLA Design and Management

- Identify client specific critical service needs for application, equipment, and service performance

- Design / Redesign SLA to <u>protect</u> critical service needs – not for getting credits in the event of poor performance

- Ensure that SLA components can be reasonably measured and enforced

- Build measurement methodology, including frequency, into the SLA

- Obtain approval from both network development and operations teams

- Negotiate SLAs with providers

- Partner with clients to enforce SLAs over the term of the agreement

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Product-izing Services

Objectives

- Develop product offerings that target a growing customer base
- Differentiate your offerings from other providers (internal and external) in the marketplace
- Develop evolutionary path based upon current state of technology readiness

Approach and Resulting Benefits

- By understanding the evolutionary path taken by its competitors, you can become a market leader in a relatively short period of time
- By understanding the needs of customers, from a customer's perspective, you can tailor its product and service offering to take advantage of existing demand
- By leveraging existing relationships to "distribute" your services, you can break into the market more quickly

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Business Case Justification

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New Technology? | **Build-Out Capabilities** | **Transition Services**

Gather Information | **Analyze** | **Develop recommendation**

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- Baseline information against industry best practices
- Highlight conflicts between desired goals and identified impact
- Identify inter-dependencies that need special attention

- Identify benefits and risks of new technology
- Identify critical factors and potential roadblocks
- Develop recommendation
- Present findings

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