



**Managed Outcome:
The New Model for IT
Customer Relationships**
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Software provider-customer relationships rapidly evolving to accelerate value

There's a change occurring in the relationships between software providers and their customers that is transforming the fundamental expectations of both parties. It's an evolutionary tipping point that has created a new model or paradigm of how IT departments do business with their internal and external customers as well as their vendors. It's called Managed Outcome.

What is a Managed Outcome? It's not a software product or even a service, though products and services are key components of a Managed Outcome. Rather, it's about a new type of relationship between software vendors and their customers that's based on outcomes compared to simply delivering a product or service without consideration of ongoing business impact.

To understand what Managed Outcome might mean to your particular organization, it is helpful to review how software vendor/customer relationships have evolved over the past several decades as illustrated in Figure 1.

The traditional provider/customer relationship assumed that the provider was selling a software license and maintenance to a customer who would use it as part of a "do-it-yourself" solution. Boundaries and responsibilities were interpreted strictly as buyer and seller. Once sold, the provider's role was limited to assisting in deployment, if even that.

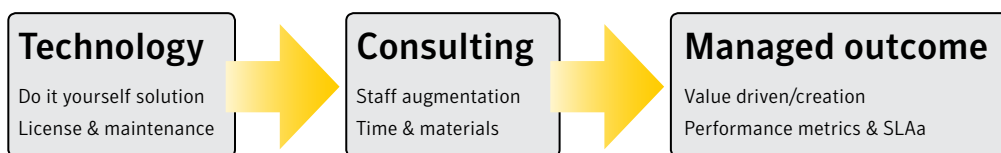


Figure 1: Evolution of provider/customer relationship

Customer/provider relationships have evolved from technology and consulting to a managed outcome model that emphasizes creating value and gauging performance based on SLAs and agreed upon metrics.

Over time, customers realized that their own internal staff expertise and resources could not always keep up with managing and maintaining technologies already purchased, let alone introducing newer technologies that promised more productive, competitive benefits. Thus, software providers began extending their support and consulting services to augment customer IT staff, and charging customers on a conventional time and materials basis typical of system integrators and business consultants.

Most recently, however, such arrangements have become prohibitively expensive for many companies as billable hours have increased along with the complexity of managing large, highly distributed, heterogeneous IT environments. In addition, these relationships have often not produced their intended results.

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The Managed Outcome model has evolved because older, more traditional relationships are no longer sufficient, affordable or successful in keeping up with the demands on business critical IT functions. Companies of all sizes are instinctively moving towards a Managed Outcome model that focuses the vendor/customer relationship on creating value – value that is defined by measurable outcomes in the form of mutually agreed upon metrics, including but not limited to Key Performance Indicators (KPI) including Service Level Agreements (SLA) and Service Level Objectives (SLO).

Key drivers of the Managed Outcome model: A perfect storm

There are several major drivers of the Managed Outcome model that have most recently converged into what could be described as a “Perfect Storm” of forces that are spurring a re-evaluation of vendor/customer relationships.

Over the past several years most IT departments have been on the defensive. Many are trying to master and stay a step ahead of ever accelerating technology changes and innovations, while managing shorter technology investment cycles (measured in months and weeks not years). At the same time there is growing pressure to focus IT resources on strategic business initiatives, amid a budget environment of capital scarcity and constraint.

Perhaps the most urgent pain today stems from the volatility of the global economy and uncertainties dominating the marketplace. More than ever before, IT departments are expected to reduce headcount, minimize overhead and conserve budgets while still delivering business results that help their organizations survive and compete more effectively.

As a result, companies are seeking to drive costs out of their IT infrastructure in whatever way they can without compromising the quality of IT services. These companies are looking for ways to standardize procedures as much as possible in order to cut costs and complexity without compromising service levels

Defining the Managed Outcome model

Because the term Managed Outcome is relatively new to many IT professionals, this paper makes a clear distinction between Managed Outcome and Outsourced Services.

The Managed Outcome model must be understood as a process or relationship that delivers results in terms of specifically defined values, and follows a well-defined methodology that allows transformation from the current state to the desired state while delivering on KPIs.

More specifically, the Managed Outcome model can be described as externally provided, annuity-based, operations and management capabilities that deliver increased IT availability and system performance, while reducing IT management complexity, minimizing security risks and

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speeding deployment. As the name implies, the goal is to focus on outcomes rather than products; on performance rather than purchases.

The key is to recognize that the Managed Outcome provider manages the processes involved in producing the outcomes as well as supplying the technologies and experts to operate the technologies. And, to realize the full benefit potential from this outcome-driven approach, an organization must assume a different perspective compared with traditional customer/vendor relationships.

New perspective on IT as a set of value-driven services

The Managed Outcome model requires a change in mind-set that is already occurring among leaders in the IT and business community. Driven by the uncertain global economic climate, the demand on IT departments to operate with more scalability and consistency at lower costs continues to accelerate, especially for functions such as security, storage and backup. Most in-house IT operations, however, don't have the internal resources, time and expertise and don't want to hire or manage the IT staff required to identify and implement the process efficiencies necessary to squeeze more value from these tasks.

In response, IT leaders are seeking to segment and differentiate their operational requirements and match them to the best mode of supply and delivery, including services from outsourced providers. They are redefining their IT portfolio in terms of service components and moving away from a culture that says they need to build and own everything. Rather they are looking at IT functions that offer the most immediate, easiest opportunity and the greatest potential return from outsourcing. The context within which they are considering these decisions, however, should be holistic and value-driven rather than strictly a matter of cost or choosing a particular managed service.

Striking a managed outcome relationship entails giving project management responsibility to the service provider, freeing up IT managers from managing program teams, and instead using appropriate vendor management resources to establish and manage the supplier relationship. The managed outcome relationship is structured to deliver outcomes, not just resources, and as such offers the potential for higher-order benefits beyond just cost savings. Although resources can still be tracked, they are not managed too specifically by the client, allowing the supplier greater freedom to bring tools, process, and other points of leverage to the relationship.

Therefore, astute IT executives are transforming the traditional "technology-augmented-with-consultants" type of relationship into that of an outcome-driven provider relationship using TCO, quantifiable deliverables and SLAs to measure value. From this outcome-driven perspective, the challenge for the enterprise and SMB then becomes one of assessing a provider's technical expertise, processes and tools to choose the optimum vendor/partner.

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Steps to achieving a Managed Outcome transformation

Judging the suitability of a software provider in the context of the Managed Outcome model, the enterprise and SMB must be aware of several steps involved in its development. Keep in mind that establishing a Managed Outcome model is not a destination or static state. Rather, it is an ongoing, dynamic relationship between a customer and provider that needs a solution and operational framework to be most effective.

Figure 2 provides a high-level illustration of the transformation process whereby an organization's IT department "point of departure" typically reveals a set of unique, often home-grown, processes developed over time, disparate products and services, separate and often conflicting technology roadmaps and a diverse pool of contract commitments for consultants and contractors.

Overcoming the fear of "losing control"

One of the major obstacles to achieving a transformation to a Managed Outcome model is the natural inclination for IT managers to feel as if they are losing control of their operations. Forrester Research has pointed out that many IT managers are used to managing people rather than outcomes or milestones. (1) It is therefore essential to build on trusted relationships with providers who have the resources and experience to plan and implement a Managed Outcome approach.

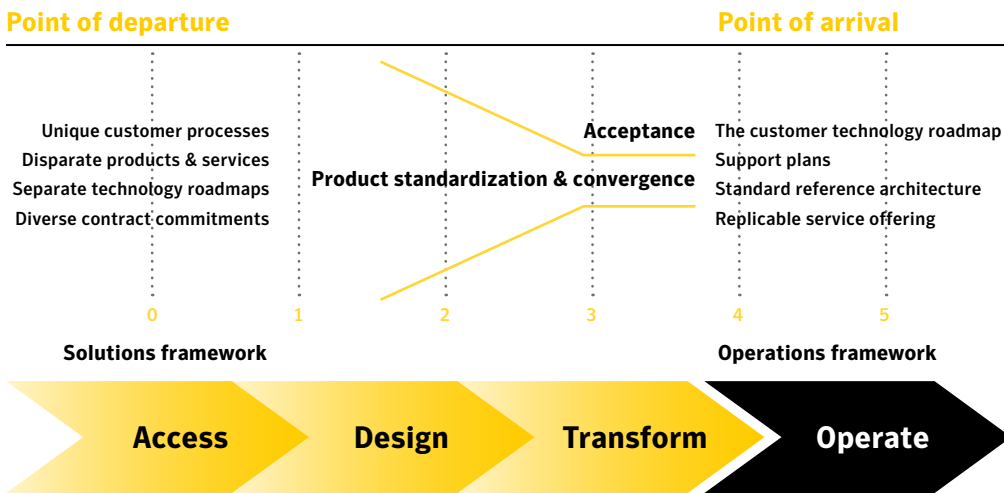


Figure 2: Transformation to a Managed Outcome approach

This diagram illustrates the process of transformation to a managed outcome approach based on solutions and operational frameworks.

All of these elements need to be subjected to a solutions framework that facilitates product standardization and convergence necessary to produce the desired outcomes.

The first step in any solutions framework typically requires the performance of due diligence to discover a common ground or baseline between enterprise and provider. This usually means conducting upfront assessments for various IT functions such as security, endpoint technologies, backup and recovery and storage services so that both parties have a "single version of the truth" on which their relationship can be built.

With a proper assessment of the situation, enterprise and provider can then mutually suggest, negotiate and agree upon delivery metrics and key performance indicators. From these accepted goals, an operational framework can be applied which incorporates a unified

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technology roadmap based on a standard reference architecture, best practices, support plans and replicable services offerings.

Beyond the actual tasks involved in achieving a Managed Outcome model, organizations must align transformative efforts with their governance and sponsorship structure, giving the provider access and interaction with executive level IT management. This helps to ensure the support and discipline required to explore and coordinate cross-functional processes necessary to achieve the agreed upon outcomes.

Finally, due diligence in evaluating a suitable Managed Outcome provider involves an assessment of the provider's security posture and information protection environment. The information confidentiality, integrity, and security posture of the provider must be transparent and beyond question to assure the confidence of the enterprise in the relationship.

Benefits of Managed Outcome based relationships

The most obvious benefit of the Managed Outcome model stems from its emphasis on results. Its very name focuses attention on "outcomes" rather than simply activities and implies a joint responsibility for achieving results. At the highest level, the model fosters a culture and relationship that places a premium on measurable results, improving ROI for IT services and the seamless delivery of those services across the enterprise or SMB.

Other benefits from the Manage Outcome model include:

- **Clearly stated, measurable outcomes** – Accountability is built into the model so that roles and responsibilities are strictly defined and ambiguity eliminated wherever possible with quantitative metrics and milestones.
- **Faster and more efficient management and implementation of existing and newer technologies** – Far too many organizations possess a storehouse of "shelfware" that has never been deployed, along with existing technologies that are vastly underutilized. A managed outcome approach incentivizes providers to eliminate unnecessary or unused technologies that don't contribute to results.
- **Improved IT processes** – Simple staff augmentation does not provide the incentive for process improvement. The managed outcome model, by comparison, encourages the provider to exploit savings opportunities through shared knowledge of best process practices, standardization, and application life-cycle improvements.
- **Reduced IT infrastructure investment** – The value of provider products and services may be able to be budgeted as operational expenses rather than capital expenses.

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- **Gain economies of scale and expertise** – The managed outcome model is by definition designed to leverage a provider’s tools, expertise and infrastructure to minimize obsolescence and maximize sharing of knowledge and infrastructure resources.
- **Reduced day-to-day operational management expenses and oversight** – The provider assumes responsibility for the operation of more “industrialized” or routine IT activities such as storage, backup and recovery according to pre-defined SLAs.
- **Pay for results, lowering TCO** – The promise of pay as you go IT infrastructure services translates into paying for results when enterprise and provider structure their relationship on managed outcome value and pricing models.
- **More predictable cost of ownership** – All the prior benefits noted here add up to a more predictable, and lower cost of IT infrastructure ownership – a competitive advantage in a time of economic volatility and uncertainty.

A real world example of the benefits realized in a Managed Outcome model comes from analyst firm, Forrester Research (1). Interviewing enterprise and vendor management professionals, Forrester reported that a successful transition to a managed outcome relationship can produce an added 20 to 30 percent in savings beyond typical expectations from outsourcing technical staff. Figure 3 illustrates not only the differences in staffing costs gained with a managed outcome approach but also key benefits in terms of improved service levels, better client satisfaction and enhanced focus on satisfying business needs.

Client-managed environment	Provider-managed environment
Client staff: 40	Client staff: 8
Contractors 38	Contractors: 48
Total staff: 78	Total staff: 56
Problems: High costs Poor service levels Client satisfaction	Problems: Reduced costs (40%) Improved service levels Better client satisfaction IT executives with time to partner with the business

Figure 3: Benefits of a Managed Outcome model

The Managed Outcome model relies on the shared resources, infrastructure and expertise of a provider to generate reduced costs, improved service levels and better client satisfaction compared with a do-it-yourself client managed IT environment.

Source: Forrester Research

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Symantec's proven process for delivering IT value

Symantec has been utilizing and perfecting the Managed Outcome model over the past several years based on trusted relationships with key customers across multiple industries in the global marketplace. Through these relationships, Symantec has been able to refine its processes for delivering results and establish a unique Managed Outcome model to meet its customers' needs and requirements. Based on its extensive experience, Symantec has developed a Managed Outcome relationship profile and process that includes several key components:

- 1) Evaluate the Symantec customer's TCO for operational costs associated with infrastructure software. Symantec Global Services expertise in a variety of IT system health checks and assessments provides the foundational framework for gaining a baseline from which to gauge progress and results.
- 2) Engage in dialogue to examine how the provider/customer relationship can be changed or adapted to add IT value and lower costs. Symantec Global Services' extensive intellectual property allows it to facilitate a conversation among various stakeholders to specify value parameters and identify cost saving opportunities.
- 3) Identify key performance indicators (KPIs), service level objectives (SLOs) and service level agreements (SLAs) based on Symantec's "solution blueprints." Symantec's proprietary Solution Blueprints guide the discussion and negotiation of outcome metrics and provide the standards for productivity necessary to gain agreement and buy in from all parties involved.
- 4) Apply a rigorous methodology using a transformation framework (ADTO) to implement a flexible blend of services and delivery methods as necessary. This is the area where Symantec expertise, experience, staff resources and economies of scale and intelligence makes the most difference. Flexibility is key as customer and provider participate in the transformation of their relationship.

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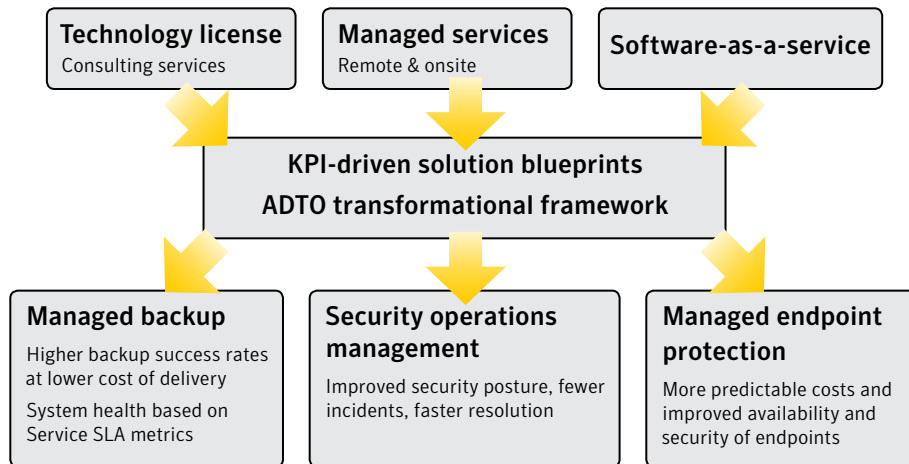


Figure 4: Symantec Managed Outcome model scenario

The Symantec Managed Outcome model utilizes a flexible choice of delivery vehicles(top) guided by KPI-drive solution blueprints that are implemented through a proven framework to deliver desired IT service outcomes as illustrated at bottom including Managed Backup, Security Operations Management, and Managed Endpoint Protection.

As noted in the top row of boxes in Figure 4, the Symantec Managed Outcome model provides for a combination of delivery methods from traditional software licensing to SaaS in the Cloud to Managed Services – all available to contribute to agreed-upon outcomes. It is the customer’s specific situation and needs that dictate the appropriate combination of delivery vehicles to achieve desired outcomes.

The first steps toward a Managed Outcome approach with a trusted provider

From large global enterprises to small and midsize businesses, organizations today are seeking more value from their IT investment and looking for ways to reduce costs without sacrificing performance or quality of services. A Managed Outcome approach can work to satisfy their requirements but requires upfront due diligence in selecting a provider relationship based on trust as well as contribution.

Symantec offers a trusted provider partner with more than a decade of experience in managed services and the evolving Managed Outcome model. Unlike other providers, Symantec brings the experience of developing real world operational plans and milestones that deliver measurable outcomes at reduced costs. All backed by a global security intelligence network and an infrastructure of proven technologies, supported by practical best practice knowledge and expertise.

Symantec invites you to explore the potential of the Managed Outcome model with us to see for yourself how our expertise and experience can transform our relationship for mutual benefit.

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To learn more, contact your Symantec Global Services Account Manager or Symantec Sales Representative. Or visit Symantec Global Services online at www.symantec.com/services. Call toll-free in North America 800 745 6054.

Appendix A: Managed Backup and Recovery Solution Example

The Symantec solution blueprint

A Managed Outcome approach must rely on proven guides and guidelines in order to foster a successful and productive relationship. Here is a brief example of a Symantec blueprint for an enterprise Backup and Recovery solution that illustrates the various stages and elements of the process.

For example, the Blueprint for any solution typically starts with a problem statement and a solution description; in this case for Backup and Recovery:

- **Problem statement** – As data at enterprise data centers continues to grow, cost and complexity grow with it. Every new technology, strategy, or process raises backup and recovery costs and complexity, and the existing multi-vendor backup and recovery infrastructures found in most enterprises and SMBs compromise end-to-end visibility and control.
- **Solution description** – Prepare for and recover from the effects of equipment failure or accidental loss of data with consistent and reliable enterprise backup and recovery solutions that maximize operational effectiveness, minimizes data loss, and reduces recovery time.

Solution features and benefits are then identified. Backup and Recovery features could include:

- Protecting critical data with automated backups and rapid recovery
- Leveraging disk to make backup and recovery faster and more reliable
- Implementing changes to reduce risks and improve service levels
- Eliminating the backup window with continuous online backups

The benefits from these features means the customer/provider relationship gains enhanced flexibility and choice of any available delivery vehicle for any connection, optimized for price and performance. This solution also enables centralized management of disk technology and a more efficient use of tape drives at significant cost savings.

¹ From FTEs to Results: Going Beyond Labor Arbitrage to Managed Outcome Relationships, by Bill Marotrelli and Stephanie Moore, Forrester Research, April 18, 2008.

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The Key Performance Indicators for the Backup and Recovery solution would focus on improving backup and recovery success rates, as well as meeting backup and recovery windows and Service Level Agreements (SLAs)

Figure 5 illustrates the methodology applied to the Backup and Recovery solution in four stages and the technology, service and delivery vehicle mix to make the solution successful. Figure 6 shows an example of a managed outcome relationship for a Backup and Recovery solution.

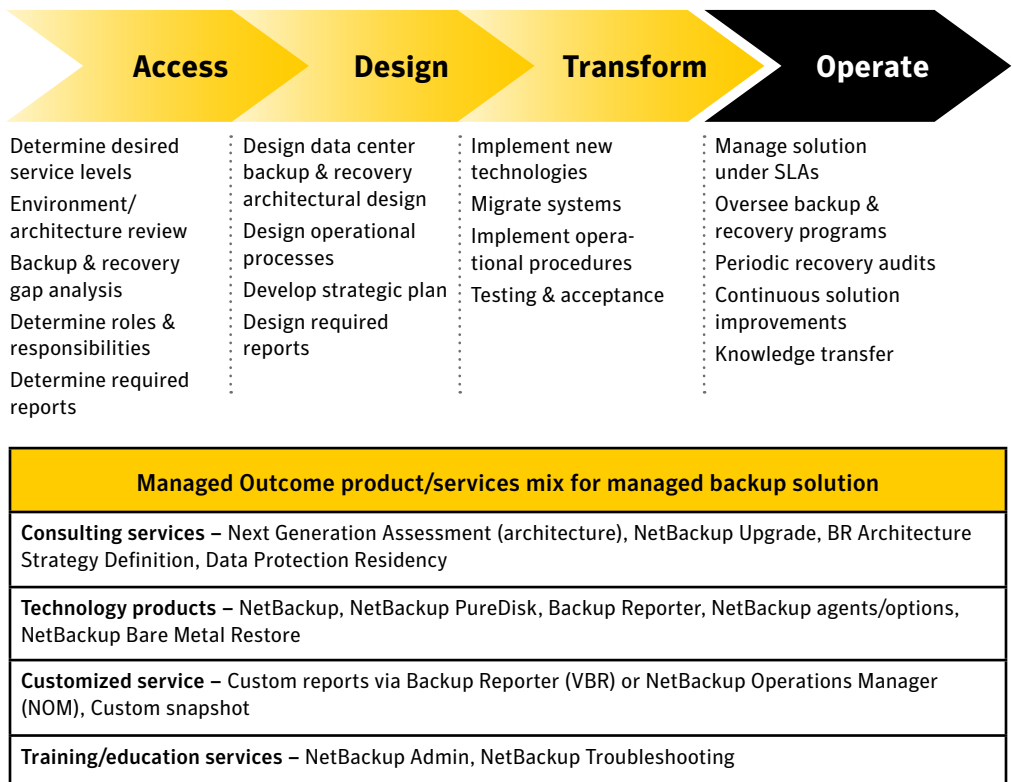


Figure 5: Symantec’s proven methodology and solutions for backup and recovery

The top portion of this diagram illustrates the methodology involved in transforming the customer/provider relationship based on a Managed Outcome approach in four major steps. The bottom portion of the diagram shows the various components of the Backup and Recovery solution in terms of Symantec product technologies and services.

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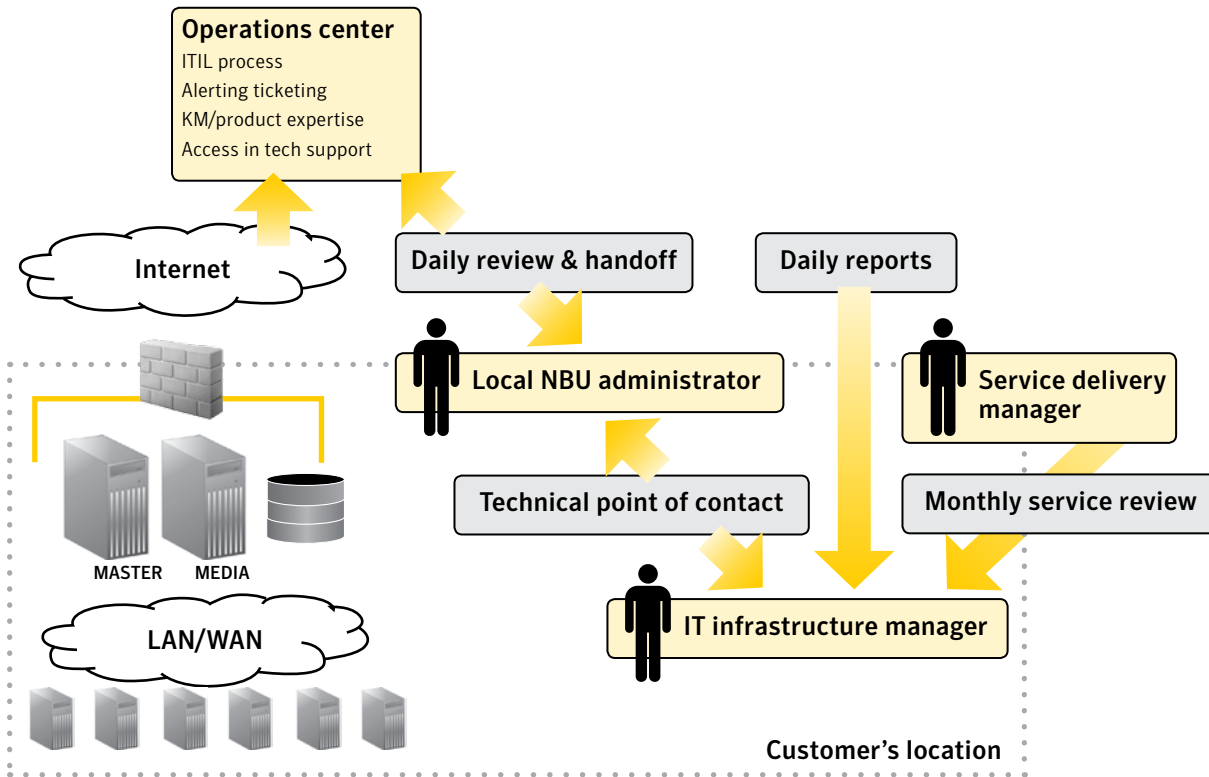


Figure 6: Managed Backup Outcome

This diagram shows an example of a Managed Backup outcome based on the solution blueprint. Solution highlights include monitoring and incident management through tickets, restore management, problem management, change management and reporting/account management.

About Symantec

Symantec is the world leader in providing solutions to help individuals and enterprises assure the security, availability, and integrity of their information.

Headquartered in Cupertino, Calif., Symantec has operations in more than 40 countries.

More information is available at www.symantec.com.

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