

A network diagram consisting of red circular nodes of varying sizes connected by thin red lines, forming a complex web structure.

WHITE PAPER

Multisource Management in the Cloud Age

Keys to MSI and SIAM success in Hybrid IT environments

IT delivery has been evolving from a traditional on-premises model to a hybrid model using diverse service providers and cloud-based delivery methods. As this trend accelerates, an effective function for managing this complex IT environment quickly becomes a critical success factor. This paper describes a comprehensive approach for Multi-Source Integration/Service Integration and Management (MSI/SIAM) in the cloud age.



THE MULTI-SOURCE ENVIRONMENT: OPPORTUNITIES AND CHALLENGES

Today, many enterprises manage a complex IT environment where several technology providers are being leveraged with the expectation of achieving the best cost-performance ratio. The co-existence of multiple providers increases management complexity, requiring additional overhead to integrate the different processes, tools and methods inherent to each supplier, and to manage service gaps. The diversity of third parties involved in the IT delivery supply chain also creates greater risk for knowledge management and protection.

Multi-provider environments also are a reflection of the growth in cloud adoption. Initiatives such as the UK's G-Cloud procurement framework and the U.S. federal "Cloud First" policy have led agencies in both geographies naturally towards a multi-provider model. A *Forbes* round up of cloud forecasts for the next few years indicated that, "all agree that cloud computing adoption is accelerating in enterprises on a global scale."¹

A hybrid-IT model has become increasingly popular, mixing traditional on-premises IT infrastructure along with in-house and third-party private and public clouds for Infrastructure as a Service (IaaS), Platform as a Service (PaaS) and Software as a Service (SaaS). Yet, organizations may still be limited in their ability to move to cloud-based solutions, respond quickly to changing demands, adapt to budget constraints or address conflicting business priorities between IT and the business lines.

To address these opportunities and challenges, some organizations are revisiting their sourcing strategies and investigating alternative approaches in an effort to realize important benefits, including:

- Lower costs
- Choice and flexibility to meet changing demands
- Continuous improvement of services
- Cost transparency of services

On the other hand, they must also efficiently manage the challenges of such hybrid IT governance models, such as:

- **Increased management overhead:** Using several service providers through a combination of internal entities and commercial providers, each with its own culture, capabilities and objectives, increases the overhead required to manage, coordinate and integrate their services, processes, methods, tools, contracts and Service Level Agreements (SLAs). Ensuring service quality and cybersecurity may become more costly.
- **Fractured responsibility:** Multisource models often lack a single point of accountability and an effective governance model. Although suppliers are responsible for their defined service areas, there may be times when issues cross between domains, making diagnosis and resolution more complex.
- **Potential service gaps:** There may be service areas for which no provider has been clearly designated as the responsible party.
- **Knowledge management and protection:** The use of multiple suppliers gradually disseminates the enterprise's IT knowledge, increasing its vulnerability.

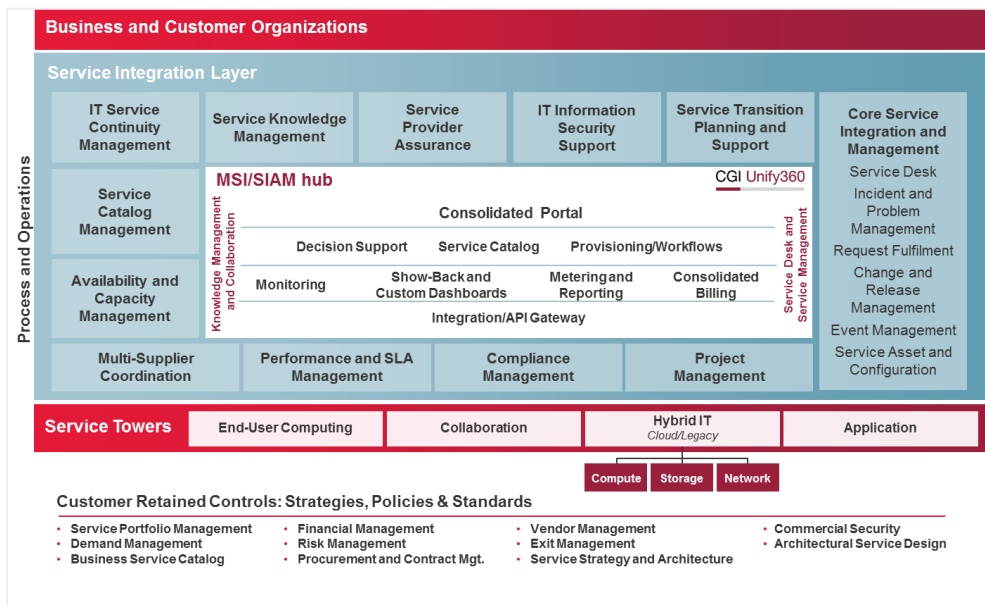
¹ [Forbes, Roundup of Cloud Computing Forecasts and Market Estimates, 2015](#)

THE SERVICE INTEGRATOR

Our experience with clients and in governing transformational outsourcing delivery that includes hybrid IT environments has shown us that the success of hybrid IT management depends on how these various services are integrated and managed for an aligned outcome.

The core purpose of the service integrator function is to manage a network of relationships to achieve a specific goal. Multi-Source Integration (MSI) or Service Integration and Management (SIAM) sits in the hub, facilitating communication and collaboration across the network of relationship and allowing for prompt resolution of problems and delivery of services.

Operational Model for MSI/SIAM



The service integrator function, which serves as the CIO's agent to coordinate and integrate service delivery, typically follows a four layered model.

1. The **Business & Customer Organizations Layer** represents the consumers of the IT services.
2. The **Service Integration Layer** aggregates and manages key operational, management and integration activities such as service level management, service reporting, invoicing, auditing, vendor performance and analytics, contract management, continual service improvement and release and deployment management. Inside the Service Integration Layer is the **MSI/SIAM Hub** required to support end-to-end service delivery of the IT delivery chain.
3. The **Service Towers Layer** represents the various internal and outsourced services.
4. **Customer-Retained Controls** is the organizational function designed to ensure that the IT strategic function responsibility and control over key IT decisions (e.g., strategy, policy and governance, architecture, risk management and finance) remains within the business.

CHOOSING YOUR MSI/SIAM SCENARIO

When establishing an MSI/SIAM function, enterprises have three operating scenarios to consider:

1. **In-house**, where the function is assigned to an internal department. While this is an option, many enterprises do not have the relevant experience, expertise and tools needed to effectively manage a multi-supplier model.
2. **Independent 3rd party MSI/SIAM provider**, where the function is assigned to an experienced MSI/SIAM provider. Although this option may be the most expensive, it promotes objectivity. It should be noted, however, that many service providers may choose to not bid on an MSI/SIAM role when it could exclude them from larger pieces of work. Nor will they accept a level of responsibility that outweighs the size of their annual engagement revenue which may be small compared to the entire IT spend.
3. **IT service provider**, which also has the MSI/SIAM responsibility. This option is less costly than the independent or in-house approaches and can improve service accountability. On the down side, the provider may be perceived to have biases that can negatively impact collaboration between all IT service providers if a proven and aligned governance model is not in place for such a hybrid IT model.

POTENTIAL RISKS

Regardless of the MSI/SIAM model used, the enterprise risks a number of undesirable outcomes if the function is not properly envisioned and implemented, including:

- Costs that outweigh expected benefits
- Poor coordination between providers for incident resolution, disaster recovery and test environment provision
- Poor risk management resulting from ineffective or incomplete understanding of interdependencies between each component (e.g., cybersecurity, quality, resilience, availability, etc.)
- Failure to meet required business outcomes due to lack of understanding of the relationships between business and technical services and inability to assess the potential impact of changes.

FRAMEWORK FOR SUCCESS

The pitfalls and risks described above can be avoided by following a solid MSI/SIAM governance model that addresses the people, process and technology aspects required for success. This includes:

- **Strategy:** The move to an MSI/SIAM model requires a clear and consistent definition of the “as-is” and desired “to-be” states, including investments and projects required to achieve the vision.
- **Governance:** Best-in-class governance is essential for effectively managing multiple relationships. It is the collection of oversight and management processes that ensures the goals are being achieved and defines how decisions are made, who makes them, who is held accountable and how the results are measured and monitored. Key governance policies must be established to ensure clearly defined roles, responsibilities, processes and measures within the MSI/SIAM eco-system.
- **Operations:** Key roles and processes must be identified and personnel must receive proper training to ensure effectiveness in their roles across the entire IT delivery chain.
- **Technology:** An effective MSI/SIAM function should be underpinned by a technological foundation to automate and integrate these multiple, disparate services.

7 KEYS TO MSI/SIAM SUCCESS

1. Have a clear strategy and view of the “as-is” and desired “to-be” states. Define a roadmap that plots the transformation
2. Address governance from the very beginning, clearly delineating accountabilities for all parties, including in-house IT
3. Adopt tooling to automate and integrate services and support key processes such as charge-back, monitoring, metering and security
4. Ensure clear lines of responsibility while fostering collaboration and openness
5. Create a culture of transparency and continuous improvement from the very beginning by setting expectations
6. Look for innovation opportunities within the services offered, the wider market and the MSI/SIAM function itself
7. Automate key processes such as billing and chargeback to reduce overhead costs

SERVICE PROVIDER INCENTIVES

Best practices in service coordination in a multisource environment include providing incentives that encourage innovation and improved delivery by service providers. As is the case with any partnership, all parties must assume some amount of risk in its potential success or failure. Apportioning risk is one clear way to incent service providers to find innovative ways to deliver their services.

Enterprises can benefit by giving service providers incentives to lower risks and seek out ways to improve their operations over time. From the enterprise's perspective, its service strategy should include ways to develop SLAs and contracts that set expected outcomes, not the methods providers will use to execute tasks and complete activities associated with the enterprise's business processes. Contract structure can unintentionally create disincentives for providers to reduce risks and seek ways to improve their operations.

HOW CGI CAN HELP

Best-in-class MSI/SIAM governance model

Based on CGI's best-in class IT governance model that covers the entire IT delivery chain, end-to-end, CGI's MSI/SIAM governance model is an integral part of our transformational outsourcing services, where CGI assumes the role of the service integrator function. Our proven IT governance model will significantly contribute to maximize the benefits and minimize the risks associated with the challenges of an MSI/SIAM engagement. It ensures the alignment and the clear delineation of accountabilities between the stakeholders, and avoids task duplications and loopholes. It also ensures end-to-end cohesive integration of the IT activities to be performed.

CGI Unify360 Hybrid IT management solution

Our hybrid IT management solution offers a platform, tools and advisory services to help solve many MSI/SIAM challenges by enabling:

- Unified management of all IT environments, whether on-premises or cloud, private or public
- Standards and compliance for security and governance
- Brokerage-like functions such as service catalog, decision support, provisioning, workflow, aggregated billing and chargeback of multi-provider, multi-cloud environments
- Transparency into service provider costs and performance through rigorous measurement tools. A dashboard provides a single view of estimated and ongoing consumption and spend, service availability and performance, as well as the cybersecurity posture of the hybrid IT estate.
- Continuous improvement among service providers through robust tools for measuring and managing provider performance. Tools and dashboards provide visibility into service performance, help-desk tracking and reporting, customer satisfaction and other information that strengthens governance.

CGI can also support your enterprise's journey to an MSI/SIAM model by providing:

Advisory services

CGI can help build an MSI/SIAM blueprint and roadmap in collaboration with your stakeholders and ensure it is correctly managed and implemented.

MSI/SIAM delivery services

Depending upon the model adopted, CGI can operate some or all aspects of the MSI/SIAM function. We can serve as the CIO's IT delivery agent in managing IT providers and day-to-day delivery of services, as well as long-term transformation.

We can provide a management structure that supports IT leaders and users and promotes open communication, accountability, problem resolution and alignment with business goals. We can implement comprehensive operating-level agreements (OLAs) defining how service providers will deliver services, interact to implement changes and resolve differences, report their activities and are managed by the MSI/SIAM function. We can also operate an expert services desk to provide a single point of contact between users and service providers.

Our MSI/SIAM experience has taught us how to operate effectively within this environment. We understand the framework and how to get the best out of it. As a result, we can support nearly any MSI/SIAM role.

Transitional MSI/SIAM services

CGI also can help clients build the skills necessary to run their own MSI/SIAM function. We can transition our operation to them once they are ready to run it themselves.

CONCLUSION

Throughout this paper, the benefits and challenges of an MSI/SIAM hybrid IT governance model have been explored, along with the key considerations, approaches and best practices. Multi-provider sourcing, in a cloud age, creates a difficult challenge for CIOs, and many recognize they do not have the experience or resources to become an effective MSI/SIAM. In addition, it requires an aligned IT governance model to ensure consistency throughout the IT supply chain. CGI can provide CIOs with the support they need to reduce risk in their multi-provider initiatives. With decades of experience in complex, multi-vendor services integration, along with our proven IT governance model and our innovative CGI Unify360 solution, CGI stands ready to help you reap the benefits of a hybrid IT model.

To discuss the topics addressed in this paper in more detail, please contact us at info@cgi.com.

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Founded in 1976, CGI is one of the largest IT and business process services providers in the world, delivering high-end business and IT consulting, systems integration and transformational outsourcing services, complemented by a portfolio of 150+ IP-based services and solutions. With 68,000 professionals operating in hundreds of communities worldwide, CGI works with clients across the globe through a unique client proximity and best-fit global delivery model to accelerate their digital transformation and drive competitive advantage. For more information about CGI, visit www.cgi.com or contact us at info@cgi.com.