

Virtual Services in a Global Marketplace

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Agenda

- Service Organization Mission, Definition, and Construct
- Service Offerings - Our list...
- Service Progression through the years... My Story
 - Delivery Management Defined
 - PMO
 - Global Penetration
 - Quality Metrics
 - Service KPI's
- Globalization Challenges
- Lessons Learned

Professional Service Mission, Definition

We deliver “solutions”
to leading wireless carriers, to
improve mission-critical processes,
increase customer loyalty, enable profitable
growth and reduce costs

We own the delivery management
function (project execution) in BWC
lifecycle to provide rapid deployment

Professional Services Organization

- Professional Services business model aligned to software business model;
 - Focus on proper mix of custom work vs. product both internally and externally
 - A delivery model that emphasizes both consulting services (SME's) and solution deployment.
 - Solution and region build-out through partners and strategic TDY placement of engineering expertise to support knowledge transfer.
- Professional Services will become a premier provider of “Consulting Services” (SME's) to our customers and partners within the next 4 – 9 months.

Professional Services Offerings

- Solutions Architecture
 - Clarify Customer Requirements, Increased Quality through standardization in SOW, Work Package Definition with costs and schedule, DB audits & performance tuning,
- Project Management
 - Scope, Schedule, Cost, Quality, Communication, Risk, Resource, and Procurement Mgmt. Support
- Consulting Services
 - Strategy Development & Requirements Definition
 - Gap Analysis & product selection
 - Solution Implementation
 - Business Process Re-engineering and Integration
- Rapid Deployment
 - Installation, configuration and training
 - Upgrades
 - Interface and plug-in development
 - Prototype support
 - OE's to complete IOT, ATP, handover, & Tier 1 support

Professional Services Plan of Approach

- To get there, we need to execute the following POA:
 - Launch centralized Deployment Services (SME's), NA
 - Effectively utilize limited pool of senior technical resources
 - Develop standard processes, methodologies, and best practices.
 - Develop core services and capabilities model
 - (I.e. Requirements, Architecture, SOW Templates)
 - Establish the basic framework for offering Channel and Direct based services
 - Initiate prepackaged work efforts on T&M basis
 - Regional Solution Deployment personnel to identify regional solution delivery partners

Professional Services POA (cont.)

- Rollout Consulting Services Organization
 - Identify resources and create organizational structure
- When not supporting projects, regional architects will:
 - Assist in deliverables development
 - Be focal point for product/solution knowledge transfer within PS
 - Be focal point for prepackaged consulting services
 - Mentor/Coach new hires
- Establish Solution Delivery Partner Relationships
- Establish Career Development Plans for existing Intermediate level resources to progress into senior roles
- **Train senior resources to be ready to offer consulting services**
- Begin formal development of solution deployment IP items
 - (I.e. Methods, Project Plans, SOW templates, etc.)

Delivery Management - Defined

- Communications Management
 - Active approach to communication at all stakeholder levels in customer environment and BWC as required
- Risk Management
- Resource Management
- Triple Constraint Planning & Control
 - Scope, Schedule, Cost, and Quality
- Formal assignment of engagement manager from BWC; to be initially staffed by PM's from PSO
- Future engagements will include cost based investment to benefit our customers

Delivery Mgmt – When...

- Metrics for determining when to engage active program management
 - Customer size; number of subs
 - >1.0 million
 - Dollar value of BWC opportunity
 - Low risk: <\$500k Medium risk: \$500k-\$1.0mil High risk: >\$1.0mil
 - Complexity of implementation – multiple partners, multiple products, multiple projects
 - Schedule length – timeline that exceeds 6 months
 - Schedule risk – high volumes of effort with tight timelines
 - Effort – LOE's that exceed 6 man-months
 - Lack of skilled and/or available resources which create exposure to customers
 - Strategic customer as defined by Executive team or high impact to customer's enterprise
 - Structure is not well known – uncertainty of delivery expectations
 - Technology – low degree of match in base functionality, high volume of custom and/or services

PMO – Still WIP...

- PMO Charter
 - 1st Phase - PMO Established
 - Staffing 1-2 resources & Charter development
 - Staffing & ToR (JD)
 - Base process definition & Business Case Development
 - Announcement internally, Rename RCO & PMO
 - 2nd Phase –
 - BWC Training / Alignment (define clear boundaries around understanding of PMO & RMO)
 - Adjust / Revise / Build Metrics for PM's
 - Define career paths
 - Training for PM's
 - 3rd Phase –
 - Enhance PM process
 - Implement customer satisfaction (model) & baseline
 - Merge all PM's into PMO

Project Mgmt Office - Begin...

- **Project Managers**
 - Veteran PM's, Certified PMP's, Management Experience & strong technical background
- **Build Flexible Processes and Templates That Align with Objectives**
 - Measure & Communicate
- **Build a 30, 60, 90 day plan with target objectives**
 - Objectives will be 1st step with initial PM hire
- **Complete Health Check Evaluation for target customers**
 - [BWC Healthcheck 092808 v1.0.xls](#)
- **Implement customer satisfaction surveys and baseline critical engagements**
- **Training**
 - Educate All the People Outside PMO in BWC

Project Mgmt Office - Definition

- **PMO Mandate:**

- **Provide project management assistance to customer PM's in order to achieve quality project deliverables that meet planned schedules, budgets, and functions**
- **Define and implement common project and risk management practices, tools and reporting. The PMO is responsible for various levels of planning, budgeting, scheduling and hiring assistance. Its objective is to help customers put sound project management practices in place**

PMO Roles & Objectives:

- **Mentoring & Coaching.** Provide project manager development through mentoring and coaching
- **Audits.** Active role in evaluating the assessment of external projects through an audit function
- **Resource Management.** Monitor assignment and availability of project managers and team members and serve as a clearinghouse of information to support planning and scheduling
- **Project Management.** Responsible and accountable for managing projects, the organization unit in which all project managers report and are managed. The PMO has PNL for the projects it manages
- **Risk Management.** Conduct project health checks and develop risk mitigation plans for each project where engaged.
- **Reporting.** Central clearinghouse of project status information for the rest of the organization. Compilation of project reports along with more involved interpretation and analysis of project results
- **Process Development & Deployment.** Process is paramount in promoting consistency in project management practices. Processes cover formal methodologies to practice guides and job aids

PMO Reminders...

- Don't Add High Cost Layers or Filters
- Weak Matrix Devalues PMO
- PMO Actively Manages the Projects/Program
- Look Within to Determine if PMO is Correct Path
- Software Tool & Methodology
 - Not Silver Bullet
 - May Come With Initial Heavy Price Tag
- Quantify Existence From Start Up
 - Dollars, Resources, Delivery Times
- Department & Per Person Metric
- PMOs Fail Because They Do Not Start to Count the Savings

Global Penetration

- 2008: Limited globally

- Rely on local SE's (Sales) to deliver against projects
- Borrowed FTE's from Engineering to seed
- Staffing model to be developed "bottoms up" off of 2008-1H forecast

- 2009: Partnership Emphasis

- Revenue target gap model to allow for "lumpiness" in business model (FTE or contractor mix & Development or OE's)
- EMEA average target bill rate may be difficult to achieve due to competitive pressure
- APAC rate pressure will be significant in new business opportunities
- Partner model will continue to drive business in APAC
 - Partnerships with HP and Cisco represent undetermined upside
- Project based build out of in-region PS consultants are tied to major customer wins; "bootstrap"
- Currently utilizing 6 subcontractors; continue to look for low cost alternatives
- Incremental feature development not addressed through R&D will provide high margin opportunities
- License sales will be enhanced through value added service offerings
 - PMO, Consulting, Configuration services with Policy, Widespan solution (PM, OE & Capacity)
- PSO targets will be larger engagements; longer term with blended services mix

Global Penetration

- **2010: Maturity in Delivery**

- Move model from 50/50 FTE/Contractor mix to 65/35 by Q2/10
- Convert contractor base to lower cost resource (Wistron, BMC) by moving resources out to regions
- Enrich consultant skill sets against solutions to provide deep levels of expertise – more specialists in NA
- Must develop a comprehensive Channel & LCDC training capability for PS/Delivery requirements
- Adjust staffing to allow PS Delivery teams to develop customer intimacy, provide follow-up customer care; improve responsiveness and communication (constraint in PS capacity)
- **New technology trials/POCs associated with LTE/WiMAX require expertise outside of NA on urgent timelines**
- Partner model that continues to drive business in APAC will present unique management challenges
 - **Requirement will be for “on our toes” with oversight and control due to partner/culture expectations**

- **2011: Focus**

- **Regional Delivery Capability – Global PS Capability**
 - PSO practice evolution to support scale and extendibility
 - **Regions will have RDM, PM & SA co-located with delivery team**
 - In region focus for customers, partners and continued EMEA & APAC roll out
- **Create Specialist Domains**
 - Migrate mature consultant staff in NA to specialist roles to provide training, knowledge transfer to LCDC
 - **DBA services rolled out in early Q3**
- **Practice Improvements**
 - New structure to tie in Regional requirements, greater percentage of FTE to Contractor
 - Utilization Rates – common definition, better tracking
 - Contracting Improvements – standardized SOWs
 - **Standardized estimation tool and pricing sheets (complete)**
 - NPI Process – improve support to internal and external stakeholders for new releases
 - TL9000 Process for Deployment to insure regional consistency



Quality Metrics...

- 2009 Q1...
- “Let’s ask the customer...”

Quality Metrics

- **Technical Knowledge**
 - Bridgewater staff have significant expertise in the Client technical environment
- **Quality of Deliverables**
 - Deliverables successfully pass predefined criteria and acceptance tests
- **Communications**
 - Information is communicated quickly, accurately, assertively, and through proper channels
- **Responsiveness**
 - Client requests are efficiently acknowledged, understood, analyzed, processed and responses meet contracted SLA's.
- **Anticipation**
 - Bridgewater staff provide value-added suggestions by thinking proactively
- **Knowledge Transfer**
 - Bridgewater staff communicate technical and/or best practice information to the Client proactively
- **Behavior**
 - Bridgewater staff act according to Client standards of reliability, integrity, and appearance
- **Collaboration**
 - Bridgewater staff share and build upon ideas and models, or processes, with the Client
- **Productivity**
 - Time and amount of resources to execute requested tasks meet commercially accepted standards
- **Compliance**
 - Processes used to produce deliverables comply with Client predefined technical standards

The Big "5" + 1

- What do you like the most?
 - What are the best practices/processes that you experienced with the Bridgewater team?
- What do you like the least?
 - What were the most difficult aspects of working with Bridgewater and their products and processes?
- Would you buy our products/services if you could do it over?
 - If you had a choice, would you use Bridgewater Products and Services again?
- Would you refer us to other customers?
 - Are you willing to provide a reference to other Bridgewater prospects?
- Who would you identify as key contributor to a successful relationship?
 - Would you like to mention someone in particular who has made an exceptional contribution to the success/completion of the project or engagement?
- On Time Above Client Expectations: Were the Bridgewater commitments delivered on time and above client expectations? If not, what was the main cause? (Product development, multi-vendor dependencies, rapid deployment, etc.)

Quality Related Risks

- **Missing or Unclear Specifications**
 - Carefully review requirements; Use your SME's not SMO's; Carefully evaluate impact of missing data before proceeding; Inform the customer of the risks; Don't be afraid to ask for clarification; Inform customer of the risks; Continuous feedback to the customer is mandatory
- **Changing specifications**
 - Evaluate risk impact on time, cost and scope; Involve the customer quickly; Be willing to terminate and start over; Expect this to happen on long-term projects
- **“Lack of Customer involvement”**
 - Keep the customer involved from the beginning; Invite the customer to participate in meetings / decisions; Invite the customer to participate in product development
- **Changing Objectives**
 - Must reassess potential impact quickly; Must be willing to re-baseline the plan; the business may dictate changing objectives, especially with time-to-market
- **Use of “New” Technology**
 - Must be willing to reassess impact on constraints and objectives; Must be willing to re-evaluate risks on a continuous basis; Profitability may be worth the risk
- **Mismatch of requirements vs. needs**
 - Use your SME's; Must have continuous reviews with the customer; Must have a willingness to accept necessary changes; Must have a rapid response team (Support and PSO)
- **KEY QUALITY DRIVER: Lack of Customer Involvement**
 - Harold Kerzner – “Project Management Best Practices”

Industry Statistics

- Key Features promised in your organization's last major product rollout were:
 - Present at the time of delivery – 28%
 - Fictitious – 24%
 - Delivered within 2 quarters – 20%
 - Delivered within 1 year – 15%
 - Available the following year – 13%
- What qualities do you want in your most trusted technology vendor?
 - Capable Technical Support - 37%
 - Reliability of the product - 28%
 - Knowledgeable PS teams - 27%
 - Honest pre-sales engagements - 27%
 - Ready availability of technical support - 19%
 - Responsiveness to deployment problems - 14%
 - Responsiveness to integration issues - 13%
 - Willingness to negotiate on SLA's - 5%
- **Data: InformationWeek Analytics Tech Buyers Speak Out Survey of business technology professionals**

Industry Statistics

- What should vendors START doing:
 - Being up front about how your products meet my requirements - 34%
 - Taking the time to understand my requirements - 16%
 - Getting someone on the phone with expertise - 15%
 - Taking responsibility for product flaws - 13%
 - Making better efforts to integrate with other products - 12%
 - Delivering the functionality advertised in the data sheet – 8%
- What should vendors STOP doing:
 - Promising capabilities that aren't there – 19%
 - Misrepresenting integration issues – 17%
 - Low balling deployment time/complexity – 15%
 - Ignoring me after the check clears – 13%
 - Shipping beta product labeled as production-ready – 8%
 - Pushing unnecessary product upgrades – 8%
 - Ignoring industry standards – 6%
 - Inflating return on investment – 6%
 - Low-balling deployment costs – 4%
- **Data: InformationWeek Analytics Tech Buyers Speak Out Survey of business technology professionals**

Service KPI's - Utilization

- Utilization is one of the key building blocks of any “profitable” professional services organization, we must understand how productive our consultants are
- Billable utilization is a key indicator of that productivity
- Questions:
 - What number should be used when determining the total available hours for each consultant?
 - Should the total available hours be modified from country to country to accommodate variances in holidays, vacation, and work week policies?
 - How do we compare geographical utilization without a standard process?
- Recommendation for an effective way to calculate utilization across multiple geographies
- Process for calculating utilization
- Variances in utilization metrics based on the service strategy profile of PSO
- Benchmark data regarding utilization targets and services mix

- **Company Consistency**
- Managing a global PS organization with multiple geographic organizations, it becomes imperative for all stakeholders to understand how utilization is being calculated
- **Industry Consistency**
- In order to benchmark our performance against industry peers, we must use a common calculation for billable utilization
- **Performance Improvement**
- Clear understanding of differences in internal performance across geographies and understanding how each geography performs against industry peers, PS management is empowered to make focused performance improvements in the right areas of the business.

Utilization - Standard Definitions

- **Total Available Hours:**

- ***Standard number of working hours available during a period before vacations, holidays, and personal time off***

- What baseline number should be used here is the greatest source of debate regarding calculating utilization. The most prevalent number used in the industry for total available hours in a year is 2080.
- 52 weeks x 40 hours per week
- The next most standard number adopted by companies is 2000.
- Some companies establish a unique number of available hours for each country.

- **Billable Utilization Rate:**

- ***Total number of hours billed during the period / total available hours for the period***

- Once a company agrees on the denominator of available hours, it should be relatively easy to calculate billable utilization rate—provided the company accurately records billable hours for each consultant. The challenge with this calculation concerns customer activity that is **billed vs. unbilled**
- For example, if a consultant performs work for a customer but is not able to charge the customer for that time, it should not be added to the numerator of this calculation (Get Well Programs, PS Investment, Rework)

- **Realization Rate:**

- ***Total revenue earned by consultant / (total hours billed * list rate for consultant)***

- Consultants may have a high billable utilization rate but still be generating poor profits
- Expensive consultants billing at low hourly rate
- This problem is revealed by calculating the realization rate for the consultant
- **High cost consultants should stay focused on high value opportunities**

Utilization - Definitions (continued)

- **Productive Utilization Rate:**

- ***(Total number of hours billed + total number of unbilled customer project hours + total number of hours allocated to approved projects + total number of hours in training) / total available hours***
- Just because a delivery consultant does not bill an hour does not mean the time was misspent
- Productive utilization rate tracks the percentage of time the consultant spends on approved initiatives and activities that have value to the company
- **Billable projects, Get Well programs (Rework), NPI, & Training**

- **Sales Cost Offset (Get Well):**

- ***Total number of unbilled customer project hours * list hourly rate***
- After billable work, the 2nd largest category delivery consultants apply their time to involves unbilled customer work
- **For product companies, this is not necessarily a bad use of PS time.**
- **Consultants are often used to drive product adoption, account control, and customer satisfaction**
- PS organizations in a product company must understand the total amount of PS capability that is being invested in customer accounts. If this investment is not tracked and reviewed, it can swell unchecked. There is a real economic impact to the company to support this investment. This metric provides one way to quantify that investment.
- **Our investment initiatives for customer must be quantified and evaluated PRIOR to decision**

Utilization - Recommended Practices

- **Common Baseline Number**
- PSO must decide on a baseline number for “total available hours” that is used by all geographies. By basing all utilization calculations on a common denominator, it’s easier for the management team to easily understand the differences in geographic performance.
- Common denominator, allows Finance and Executive Leadership to benefit from using the same process to calculate billable utilization.
- Realistic & achievable billable utilization target for PSO is our 1st step in modeling the business

- **Common Categories**
- Recommended categories for delivery staff to track their time include:
 - **Billable Time:** Hours tracked against a customer project and billed to an external customer.
 - **Non-Billable Customer Project:** This would be activity performed for a customer but not billed. It is critical the PS organization track and quantify this “sales cost offset” activity to ascertain the financial impact of such activity on PS financial performance and company financial performance.
 - **Training and Certification:** Hours spent attending formal skills development training.
 - **Internal Project:** Hours spent on approved internal projects such as NPI, service & solution evolution or program enhancement (upgrades & customer training). The PS management team must understand how much time delivery staff are spending with customers as opposed to supporting internal initiatives.
 - **Holiday:** Hours off for company holidays.
 - **Vacation:** Hours off for personal vacation accrued.
 - **Other:** Any hours spent that cannot be categorized in one of the six previous categories




Utilization and Service Strategy

- ***Utilization and Service Strategy Profile***
- 3 distinct service strategy profiles that product companies have a tendency to execute. These profiles are driven by the maturity of the technology market the company is serving and the business strategy of the company.
 - (**Service Strategy Profiles, 2006, Lah and Moore.*)
- Upon review of benchmark data, there is clear evidence that the service strategy profile influences the utilization mix targets for delivery staff.
- **What billable utilization rate do we target for our technology professional service delivery staff?**
 - Companies classified as product providers set lower billable utilization targets.
 - Solution Providers that rely on PS activity to provide more than 35% of total company revenue set the highest billable utilization rates.
 - BWC PSO currently contributes approximately 20% of total company revenue

PSO Utilization Strategy

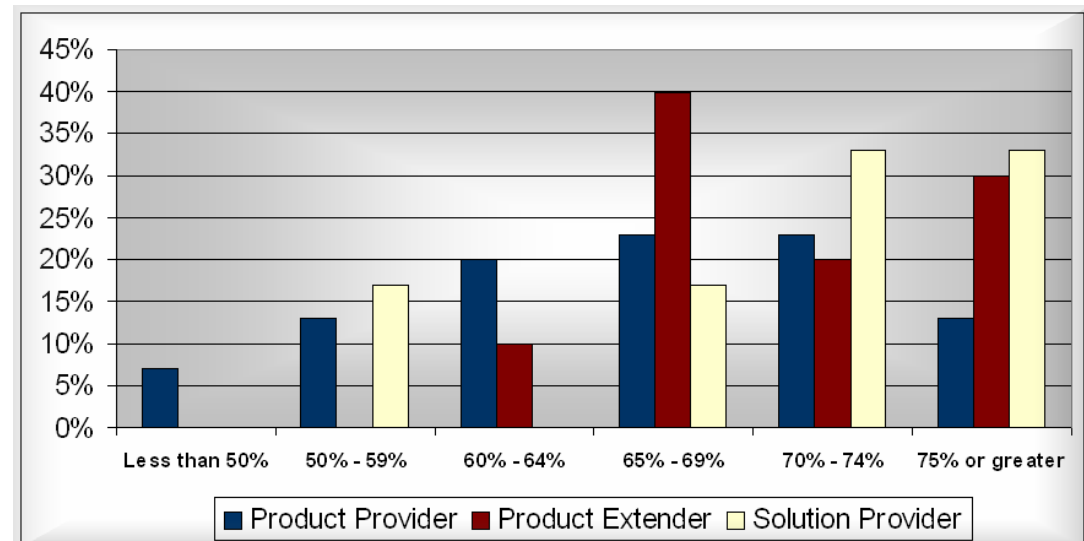
Service Strategy Profiles:

- BWC PSO would be classified as a low end product extender; operating in the 11%-20% contribution range
- BWC PSO cannot easily extend SI capability (Solution) until product architecture evolves; we are currently a high value installation factory
- BWC PSO is a new entrant solution provider; need to consider extension of plug-in framework

PS 1% - 10% Average: 4.7%	Product Provider 
PS 11% - 35% Average: 23.8%	Product Extender 
PS >35% Average: 38.5%	Solution Provider 

Billable Utilization Targets by Service Strategy Profile:

- BWC PSO utilization:
 - 2008: 70-74%
 - 2009: 65-69%
 - YOY reduction due to increase in non-bill productive utilization programs
- Based on 55 technology services companies



Globalization Challenges

- Pricing pressure in region
 - Utilization affected by global holiday schedules
- Incumbent position based on GSM technology hard to unseat
- Funding models for some competitors changes the playing field
- Cultural expectations of Service teams in global delivery
 - Onsite/Offsite
 - American syndrome (language fluent is a BIG plus)
 - Sense of timing; schedules, commitments
- Balance of contractors local, contractors US, & FTE's

Lessons Learned

- Find your right hand man...
 - Rapid Development, Steve McConnell
- Framework 1st and believe in the model...
- Build local and then repeat as necessary
- Get the right people on the bus
 - Jim Collins; Good to Great, Built to Last, How the Mighty Fall (and why some companies never give in)
- Never lower your expectations of the team's capabilities; challenge them and expect them to succeed
- Focus on the family (↓↑)
 - Dr. James Dobson
- Protect the culture; measure the cut of the jib...
- Push the marble daily



Backup

Professional Services Offerings-cont.

- **Architect the Solution**

- Serve as senior technical authority for all engagements involving delivery of complex solutions; including BWS products and 3rd party products.
- All project work is carried out according to BWS business processes and rules and in accordance with BWS quality model
- All external work is undertaken under suitable contractual cover and appropriate agreements
- Provide technical support for pursuits and proposals, and will provide guidance concerning technical training and qualification of professional services and architect-level staff.
- Liaison with PLM for items in development
- Overall responsibility for integrity and performance of customer solutions
- Determine products, customization of services required to meet customer requirements

Professional Services Offerings-cont.

- **Project Management**
 - Develop a clearly defined delivery plan
 - Management and escalation of risk during deployment
 - Interface with internal and external projects and suppliers
 - Design, scope, plan, estimation of effort, provision of cost data, participation in review and presentation of solutions to customers
 - Management responsibility for integrity and performance of customer solutions
- **Consulting Services (End to End Project Execution)**
 - On-site Study & Requirements Gathering (SoW)
 - Gap Analysis & Effort Estimation
 - Quality Testing (Unit and System Integration)
 - Data Migration
 - User Acceptance Testing
 - Strategy Development
 - Business Process Integration

Professional Services Offerings-cont.

- **Rapid Deployment (70%)**
 - **Prototype Support**
 - When roadmap elements are required early, PSO will drive development to meet early entrance criteria
 - Plugins, Billing Systems Integration, Prepaid, Credit Control, OSS & NMS Integrations
 - **Installation, configuration, and training**
 - **Interfaces, report, & plug-in development**
 - **Minimize the creation of unique development streams**
 - **Product upgrades**
 - **Solution implementation**
 - **Onsite technical support for customer projects**
 - IOT
 - Testing
 - Production handover

Customer Satisfaction Survey - Update

- Surveys complete for all regions
- Findings:
 - Relevant Quality Criteria (Top 4)
 - #1 – Functional Capability:
 - Bridgewater products meet high percentage of initial Customer requirements
 - #2 – Product Performance:
 - Bridgewater products perform against published or agreed benchmarks
 - #3 – Responsiveness & Communication:
 - Client requests are quickly acknowledged; responses are timely & accurate
 - #4 – Technical Knowledge
 - Bridgewater staff have significant expertise in industry and client technical environment

Utilization - Recommended Practices

- **Billable Utilization Targets per Geography**
- Global PSO should establish specific billable utilization targets on a country or regional basis. This acknowledges the reality that economic and cultural variances will impact achievable billable utilization
- **Productive Utilization**
- BWC PSO supports a product portfolio & should track both billable utilization rate and productive utilization rate. This comparison is critical during periods of new product release (NPI) when billable utilization may fall due to support activities surrounding product rollout.
- Productive utilization rate may actually spike higher as delivery staff find themselves working overtime to support a large product rollout
- **Example: Calculating Utilization**
- U.S., EMEA, and APAC have each been given different billable utilization targets. EMEA is modeled to experience higher holiday and vacation time while APAC is modeled to experience a greater amount of hours spent on unbilled customer work.

Productive Utilization

	Billable	Non-Billable					TOTAL Available Hours	Billable Utilization
		Customer Project (Get Well)	Internal Project (NPI)	Training (Maturity)	Holiday	Vacation		
APAC	1250	370	140	104	96	120	2080	60%
EMEA	1350	114	110	120	186	200	2080	65%
US	1500	120	140	104	96	120	2080	72%