



Global Pharmaceutical Manufacturer Saves 20% by Matching IT Support Levels to Business Criticality



Challenge

- CEO wanted to transform the business to achieve growth and shareholder value
- investment in innovation required
- revenue down due to global economic crisis; loss of product exclusivity
- ambitious savings needed across the organisation to lower the cost base and free up funds for innovation

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Solution

- reduce IT services costs by providing different levels of service to different business sites
- tiered model for IT services matched service levels to business criticality
- tiered model supported by Dimension Data's flexible maintenance renewals, service levels, operational services, and incident management protocols

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Result

- savings target achieved: 20% reduction in IT operation costs, from day one
- lower cost base contributes to sustained shareholder value
- more funds available for investment in innovation

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By aligning IT services with business criticality, the organisation **reduced its IT cost base** and was **able to invest in innovative technology** to **drive further growth.**

Challenge

Reorganise, reduce, reinvest

Strong, sustainable growth and shareholder value – these were the broad objectives set by the new CEO of one of the world’s largest pharmaceutical manufacturers when he took the helm. To achieve these objectives, people needed to be able to focus on what had always driven the organisation’s success: research and development. That meant removing barriers to innovation inherent in such a large, complex organisation, as well as freeing up resources to invest further in innovation.

CEO sets aggressive savings targets to position organisation for growth

A number of events added impetus to the drive for innovation. The organisation lost exclusivity on some of its major products, resulting in an expected decline in revenue as consumers spent less and/or switched to generic brands. Revenue was further affected by an overall decline in spending as a result of the global economic downturn.

To deliver shareholder value in this climate required the cooperation of all areas of the business – including IT. A fundamental transformation was needed to position the organisation for future growth, and the CEO set a number of strategic priorities to achieve this transformation. One of these priorities was to achieve a lower cost base and reinvest savings into the business. As a result, aggressive savings targets were set for the entire organisation.

Tiered IT support for hundreds of business sites

To achieve its savings goals, IT looked at ways to reduce the costs of support services. At the time, many of the service standards in place across the business didn’t align with demand from the business and/or how business-critical the site was. IT therefore decided to set up a tiered model for maintenance and support for the organisation’s hundreds of business sites, based on the business impact and criticality of each site. As Mark Abrahams, Global Client Director at Dimension Data, explains: ‘The organisation was willing to accept more risk in terms of incident management, so while a business site in the top tier, for example, would receive a 24/7, dedicated site service, a site allocated to a lower-level tier would have self-sparing, “best effort” support and no maintenance cover.’ However, the incumbent service provider was unwilling to adapt to this new model with a flexible approach to incident management.

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Solution

Flexible support for tiered-support model

Dimension Data’s relationship with the organisation spans close on 10 years. Dimension Data had provided procurement services, consistent monitoring through its INSITE platform, and a managed services solution for security. Understanding the necessity of the tiered model to the business, Dimension Data proposed flexible maintenance renewals and appropriate service levels. The proposal also included operational services and incident management protocols for various service towers within the network infrastructure – such as wireless, voice, LAN and WAN – according to the service tier of each business site.

‘We were concerned that there would be a risk to our reputation if we were unable to get to lower-priority incidents, as defined by IT in the new tiered model,’ Abrahams says, ‘and there was a huge backlog of tickets to clear when we took over from the incumbent. So, we worked closely with IT to determine how to allocate resources to manage incidents from different sites, with different priorities. Over time we’ve been able to assign resources more efficiently as we’ve improved our ability to estimate ticket volumes.’

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Result

20% reduction in IT operations bill, from day one

Abrahams describes the move from the incumbent to Dimension Data as a ‘hot cut’ – as opposed to a phased approach. ‘The organisation achieved its 20% savings target on its IT operations bill from the day we took over,’ he says.

Savings fuel investment in innovation

The tiered model, supported by Dimension Data’s flexible services, allowed IT to allocate budget and resources more efficiently, reducing costs while ensuring that IT support was not compromised for critical areas of the business. Most importantly, the new services model enhanced the organisation’s ability to invest in innovative technology to drive further growth.

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Services overview

- procurement services
- INSITE monitoring
- incident management