

Stay ahead of the curve

**Operational
Transformation –
Effecting Change
within the
Enterprise**

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Agenda

- Objectives
- Understanding the Scope
- Enterprise Challenges
- Methodology
- Practical Examples
- Q&A

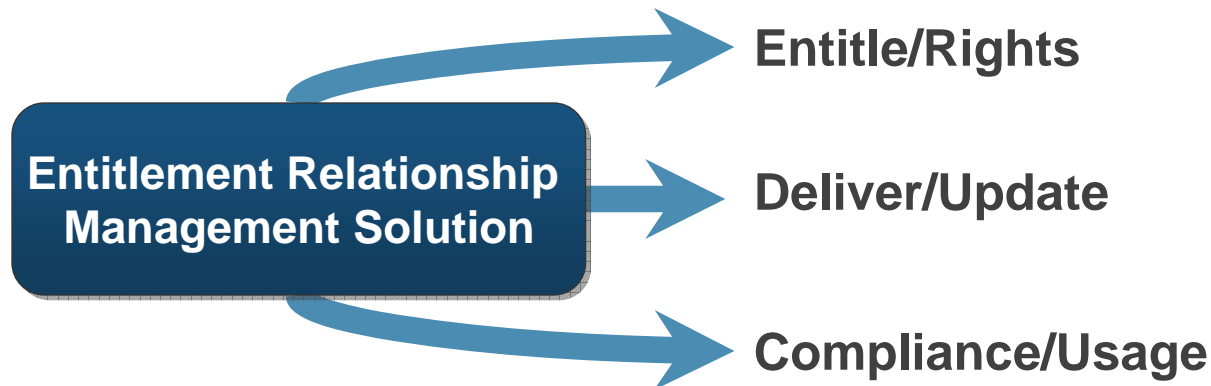
Objectives

- Develop an appreciation for the impact “Entitlement Relationship Management” can have on your business and infrastructure
- Describe challenges you will encounter – both those you know about and those you’ll come to face
- Methodology – Provide a high level program methodology for success
- Provide specific examples of example techniques and how they work

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ERMS Benefits



- **Increase revenue in mature market**

- > Grow market share—flexibly package/price/license/support as market desires
- > Capture lost revenue—marry entitlements with actual software usage

- **Simplify client experience**

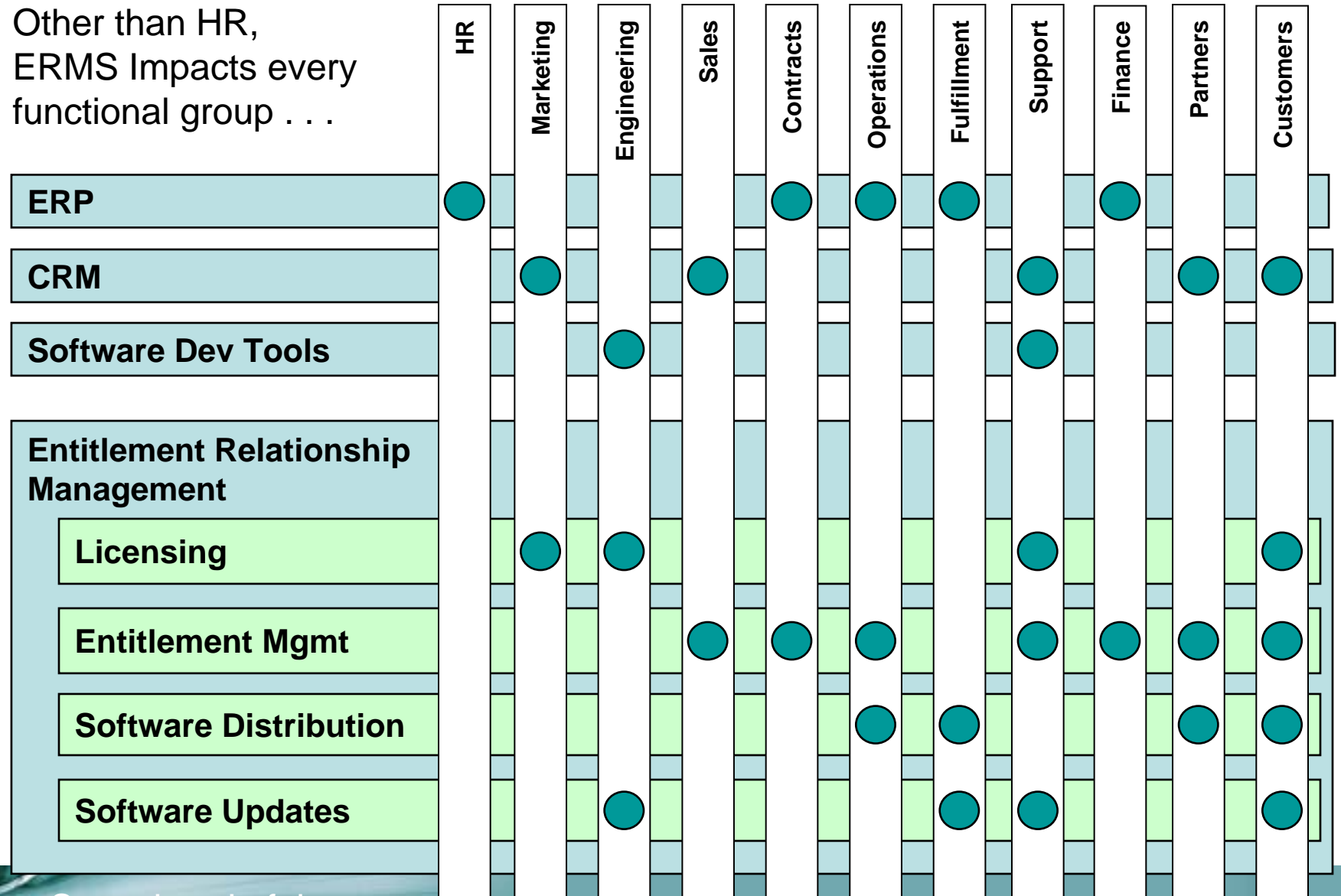
- > Make it easier for customers to buy and use your software
- > Single view of entitlements—customer and software producer
- > Positive installation, delivery and update experience
- > Enable client to realize the full value of software investment

- **Reduce costs and improve margins**

- > Help simplify back office and license infrastructure systems—eliminate manual and redundant processes
- > Shrink delivery costs—deliver faster—forgo expense of physical packaging

Functional Impact

Other than HR,
ERMS Impacts every
functional group . . .



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Enterprise Challenges

- Ownership
- Scope Management
- Customer Impact

Ownership: Common Scenarios

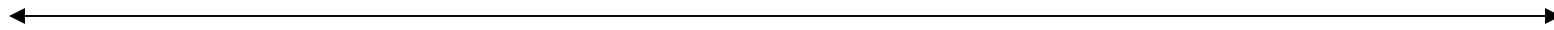
- Early Adopter / Program Champion
 - > Single group or organization drive agenda
 - > Often results in highly specialized (unextendable) solution
- Everyone Impacted = No One Owns
 - > Although each group feels pain of no common solution, no group is impacted enough to take action
- Parallel / Silo'd Management
 - > Each organization develops own solution for specific problem
 - > While progress is made, consolidation and integration is impossible

Like any major business initiative, the most effect Transformations have an identified sponsor, enterprise-wide vision and tactical implementation plan to ensure progress is made

Scope Management - Approaches

Strategic/Big Bang

Tactical/Phased



- Ensures consistency across all groups
- May require significant investment before any benefits are realized
- May never complete or business changes occur during implementation

- Provides early success through reduced requirements
- Can result in frequent re-work as subsequent phases impact vision

Effective Program Scope Management will require a hybrid model ensures progress without sacrificing the Enterprise vision.

Scope Management: Gaps

- **Gap 1: Future Functionality**

- > The requirement is consistent with application vision – just not yet
- > Can result in future rework, but limited impact to overall solution
- > **Action:** Proceed with documentation/expectations

- **Gap 2: Process Impact**

- > Gap results from a non-standard process; Adapting “leading practice” process may address concern
- > **Action:** Modify processes (or go to Gap 3)

- **Gap 3: Major Issue – Publisher Specific**

- > Requirement is unique to your business and unlikely to be incorporate into the product
- > **Action:** Escalate to Steering Committee and anticipate increased costs

Gaps are unavoidable, but by limiting the amount of customization and pushing back on the business, they can be effectively managed.

Customer Impact – User Experience

- CD-based Updates
- Manual End User Licensing
- Field Service Installation
- Web-based Software Updates
- Concurrent/Service Licensing
- Physical Media
- Hands Free Activation
- Automated Software Updates
- Entitlement Enabled Access

Low ← Customer Ease of Use → High
and
Implementation Complexity

- Infrequent “Release” Masters
- Simple Nodelocked License Generator
- Expense Field Technicians to Administer and Configure Products
- Maintain Virtual Binaries
- Integrated Activation Utilities
- Error-proof Entitlement Management

Minimizing customer impact and improving customer experience requires the Publisher to increase project and internal complexity as more and more functions are automated.

Customer Impact

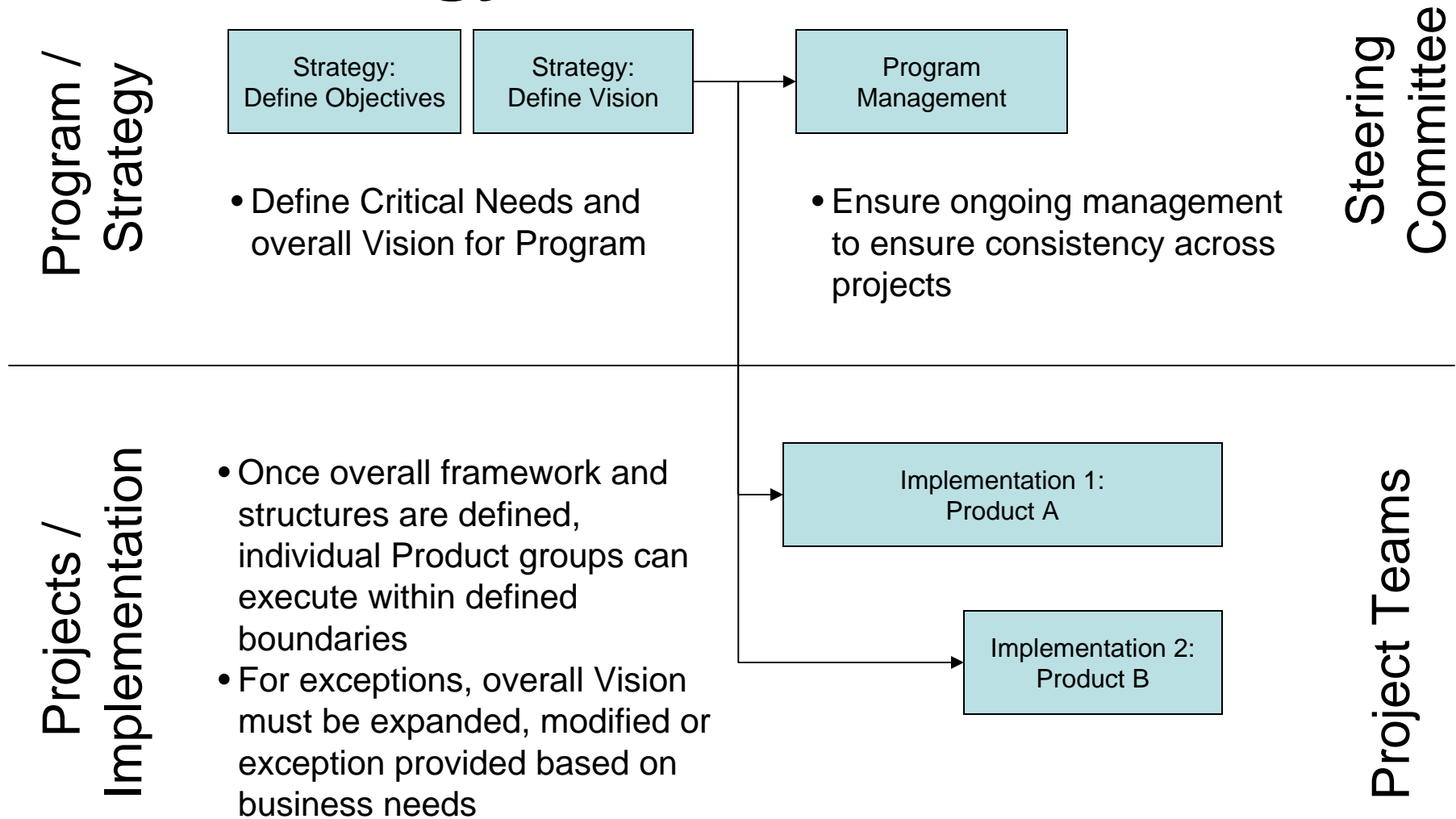
- Ultimately, the system's success depends on how the end customer uses the software
- Although it will be impossible to anticipate and address ALL customer issues, ensuring Customer involvement is critical
- Do NOT rely on only internal “experts” to represent customer needs

Ensure that key end customers play an important role in reviewing the design and implementation of the ERM Solution.

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Methodology



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Practical Examples

- Building the “Design Vision”
 - > Selling the Dream
 - > Setting Expectations
- Building and Maintaining the Team
 - > Core Team – The Champion and the Brain
- Engaging the Business
 - > Business Owners – Bridging the Project Team Gap
 - > Process Playbacks – Ensuring
- Balancing Flexibility with Supportability
 - > Creating the “Board” to maintain System Integrity

The “Design Vision” – The Need

- ERMS Programs can be very complex, impacting multiple:
 - > Functional Organizations
 - > Product Groups
 - > Operational Systems
- Successful Programs must be “sold” to:
 - > Executive Management
 - > Key Business Stakeholders
 - > Extended Teams

These resources cannot easily internalize Business Cases, Project Plans, Use Case Models, etc.

The “Design Vision” is the key communication tool.

Design Vision Components

- Strategic Objectives
- Anticipated Benefits to the Enterprise
- High Level System Impact
- Program Timeline

- **Most Important: How it will Work**

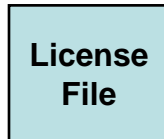
Design Vision – Example Components

- Provides basic overview of core elements of Licensing Business Model
 - Helps ensure common language across the enterprise
 - Form building blocks of Business Processes



Contract

Contracts – Details products that Sterling Integrator Features the customer has purchased the right to use.



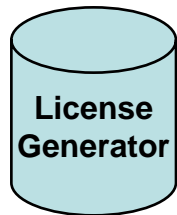
License File

License File – XML file with digital signature that enables features within code base functionality.



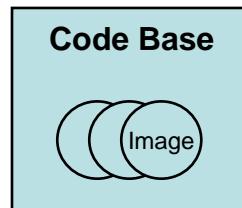
Install CDs

Install CD – Primary method for delivering software to customers. Includes unique “CD Key” is unique per shipment.



License Generator

License Generator – Generates license files based on customer input including Host ID, Features and Expiration Date.



Code Base

Code Base – Executable code installed by customer. Majority of functions are not enable without active License File.



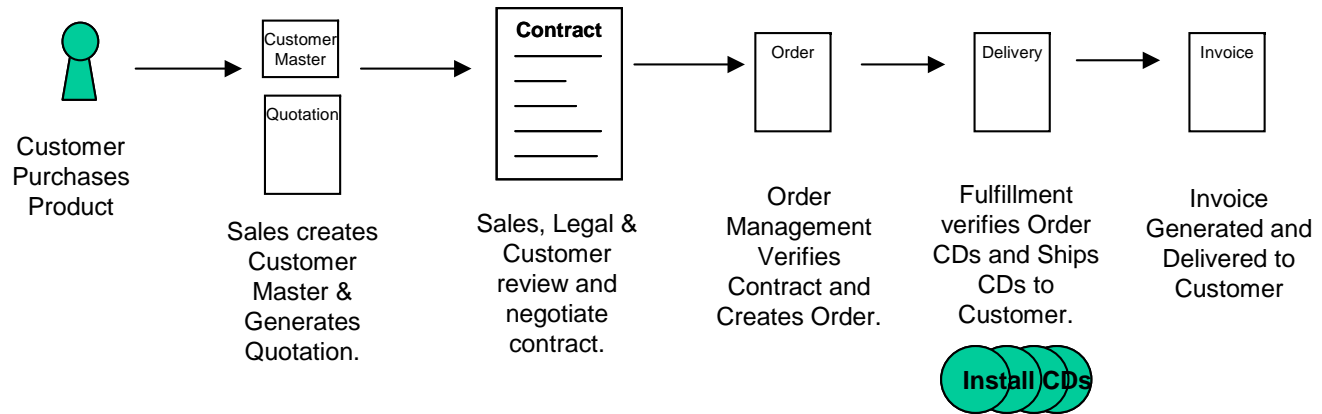
Web Page

Web Page – Browser-based method where customers (and employees) can access the License Generator by providing specific inputs.

Design Vision - Example

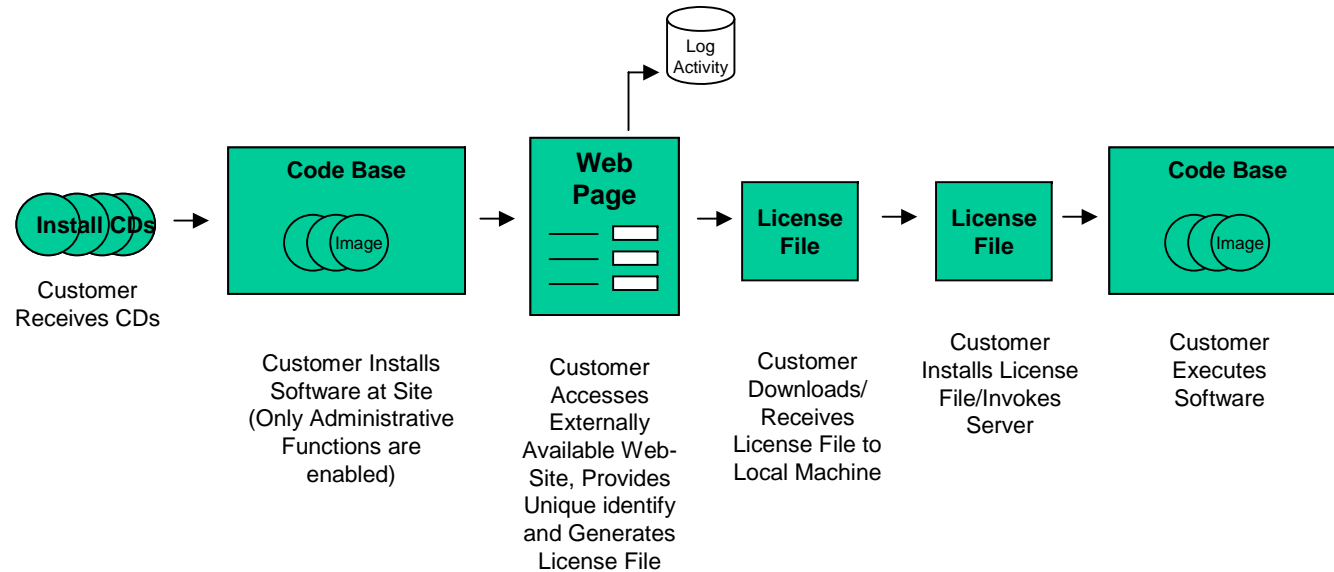
Operations Process

Provides internal organizations with overview of integrated business flow.



Customer Process

Provides customers, partners and internal organizations with integrated usage model.



Building and Maintaining the Team

- Successful ERMS Programs involve two critical resources:
 - > The “Champion” maintains momentum and provides the bridge between the tactical projects, impacted organizations and executive management
 - > The “Brain” is the operational expert who inherently understands all aspects of the system and WHY they work the way they do

Identifying, recognizing and retaining these resources are critical to the overall program's success.

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Resource Attributes

	The “Champion”	The “Brain”
Identified	<ul style="list-style-type: none">• Before program start• Is often the nagging, driving force behind the initiative	<ul style="list-style-type: none">• During project• Cannot be assigned, resources “self select”
Critical Skill Set	<ul style="list-style-type: none">• Operational Business Skills• Solid understanding of Company and Products• Program Management Background	<ul style="list-style-type: none">• Technical Process Skills• Capacity to envision multiple systems and their integration• Process design and IT system implementation background
Temperament	<ul style="list-style-type: none">• “Big Picture” – focused• Willing to deviate from formal Requirements in service of the Design Vision• Can broker agreements within Enterprise	<ul style="list-style-type: none">• Rigid adherence and tenacious execution• Views system and process integrity as paramount• Closely defends scope• Requires/Defines detailed definition for every activity
Ongoing Role	<ul style="list-style-type: none">• Program Ambassador• Will be critical to converting the first phase success into a company wide success	<ul style="list-style-type: none">• Chairman of the “Board”• Will be critical to maintaining integrity of solution

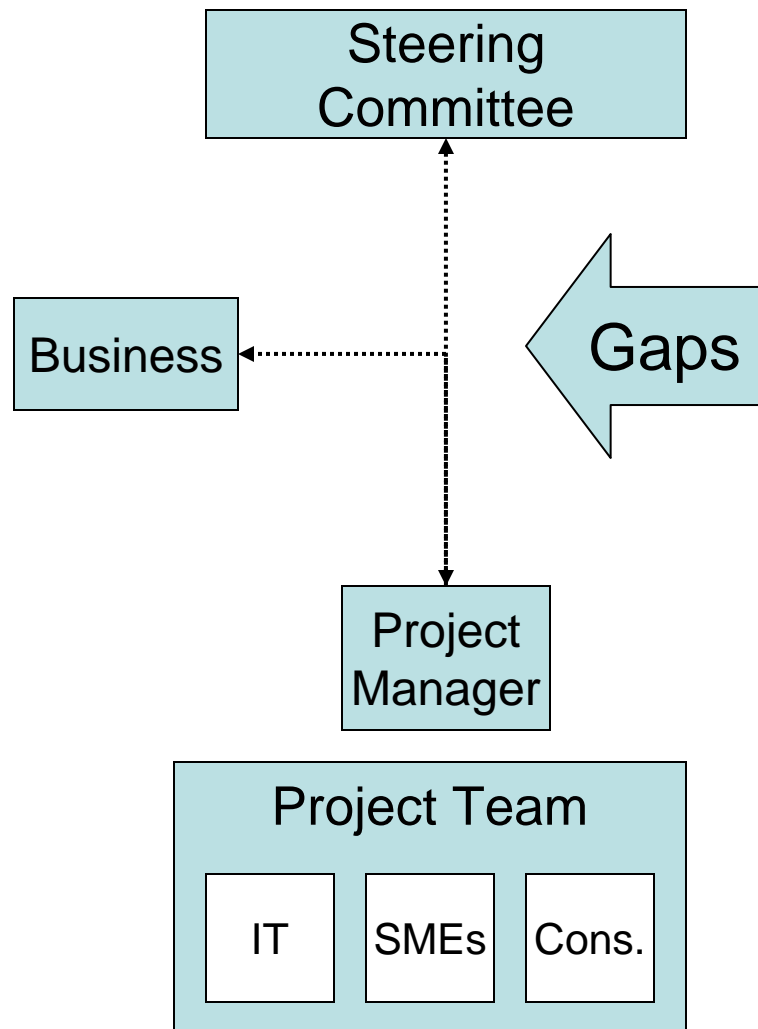
Engaging the Business

- Overall success depends on meeting the needs of the Business
 - > However, those needs can change or may be incomplete
- Many Programs do an effective job of gathering requirements initially, but fail to stay engaged
- The impact can be significant ranging from:
 - > Incorrect solution built in poorly defined requirements
 - > Significant business change during project results in poor match for final solution
 - > Failure of Business to “sign-off” or accept the final solution

Ensuring that key business representatives are engaged at appropriate points during the program is critical to overall success.

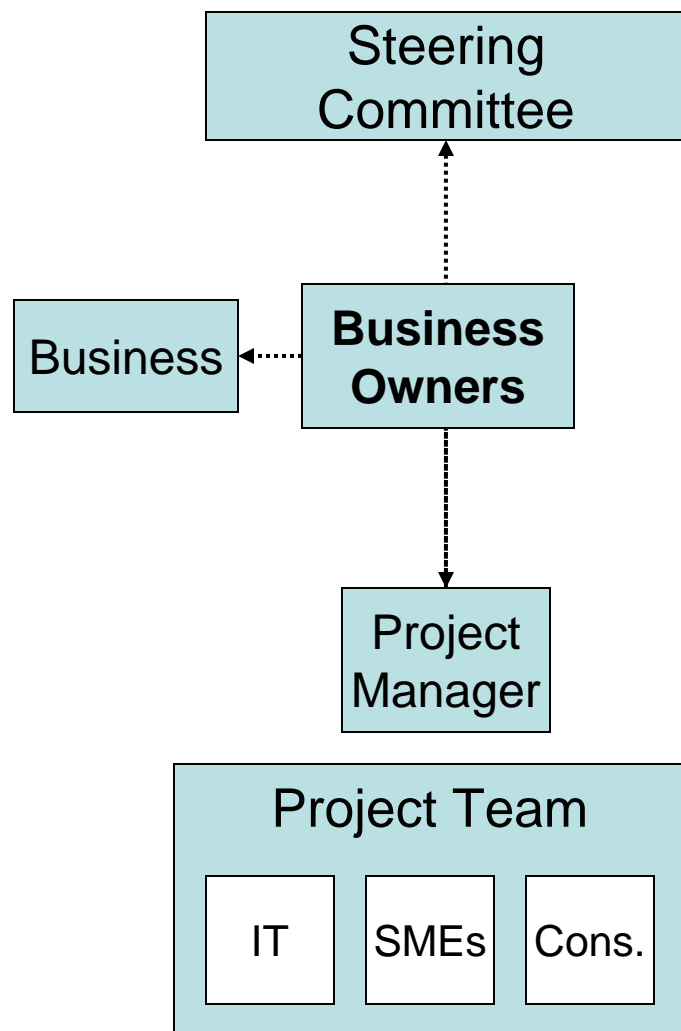
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Business Owners – Bridging the Gap



- Steering Committee = Good, but
 - Steering Committees meet infrequently and are typically unable to respond quickly to critical questions/issues
 - Steering Committees are frequently unable to evaluate program health and applicability to business
- Business is quickly forgotten . . .
 - As PM gets consumed with managing the project, communication and status to the business becomes infrequent
 - Business continues to evolve as project focus on initial requirements
 - Project issues and workarounds change solution, but business doesn't know

Ensure Business is “Part of Success”

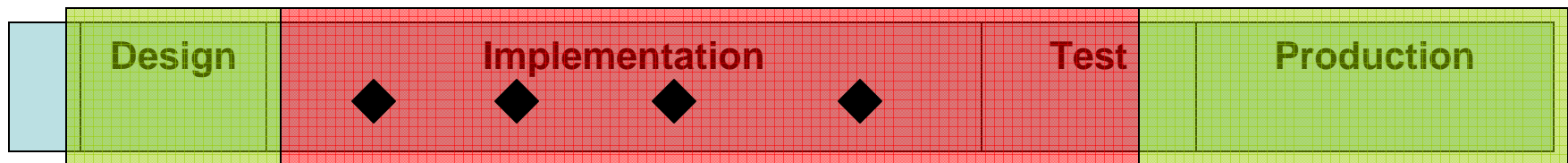


- **Business Owner Profile**
 - Cross Functional Team of Director Managers
 - Typically a 1 to 1 correspondence with Steering Committee members and Functional Groups Impact
- **Business Owner Role**
 - Mandatory participation in 1-hour weekly BO meetings to ensure Project Involvement
 - Set business direction and make key business integration decisions
 - “Own” the business processes implemented
 - Provide sign-off at key points during the project and assist in Communication/Support
 - Resolve escalated functional issues and escalate to Steering Committee

Engaging Business – Process Playbacks

- Challenge:

- > Most programs have active Business Involvement for Design and, eventually, Production



A LOT can happen here . . .

- Process Playbacks:

- > Are pre-scheduled 2-4 hour “demonstrations” of “complete” functionality through-out implementation phase
- > Provide the Business opportunity to see their requirements “in action” – and suggest guidance changes BEFORE it’s too late
- > Ensure business buy-in through-out project, not only the end

Process Playbacks – Additional Benefits

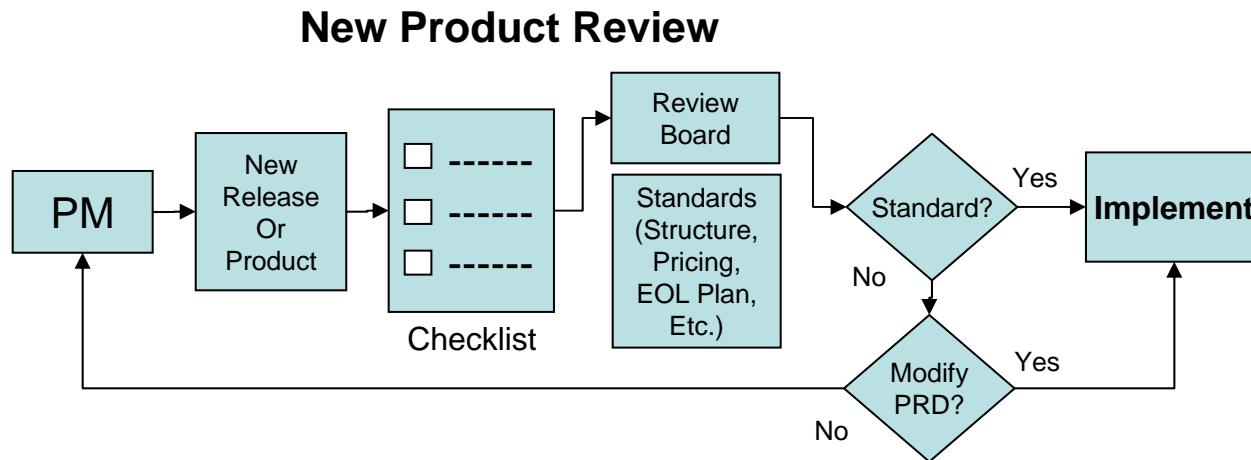
- Project Management
 - > Provides a time-boxed schedule for complete functionality
 - > Minimizes “final stage slip” where project is on track and suddenly delayed due to integration issues
- Project Team
 - > Reduces integration rework by driving discussions early
 - > Identifies missed or misinterpreted requirements

While Process Playbacks typically add 20% resource overhead during the implementation; the time **SAVED** by avoiding rework during Test and UAT is much greater.

The “Board” – Ongoing Oversight

- “Flexible Solution” does not mean that any and all requests should be implemented
- Framework provides basis for “standard models”:
 - > Licensing
 - > Binary Structure
 - > Customer Communication
- Adhere to the “standards” and you have approval
- Deviate and a business case must be made and approved by cross-functional board

Example: Board Review Process



- Review board ensures Product release adhere to standards
- Variances are approved:
 - Standard is extended
 - Other Products Impacted
- Variances are rejected:
 - PM revised plan
- Board can offer “guidance” for new releases

- Board is responsible for ensuring consistency within the Production Environment
- However, the Board must be business focused and assist the business in finding solutions
- Board can initially be staffed with key members of the ERMS Program

Case Studies

	Design Vision	Champion/ Brain	Business Owners	Process Playbacks	Board
ALU (Telephony Provider)	●	●	●	●	*
Texas Instruments (Engineering)	●	●		●	●
Huawei (Telephony Provider)		●		●	●
EMC (IT Technology)	●	●		●	●
EFI (Printing Technology)	●	●	●		●
IGT (Computerized Gaming Machine)	●			●	
Intermec (Handheld Inventory)	●	t)			
Citrix (Application Delivery)	●	●			●
Serena (Application Lifecycle Management)		t) Turnover			*
Enterasys (Security Hardware)					
McAfee (Security)	●				

* Recent or Q4 2007 "go-live"

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