ITNewcom
MinterEllison Technology Consulting

ICT SHARED SERVICES
Te Whiringa Hangarau

ICT Shared Services Office & Dimension Data

Benchmark, pricing Insight and Relationship Review

30 July 2018

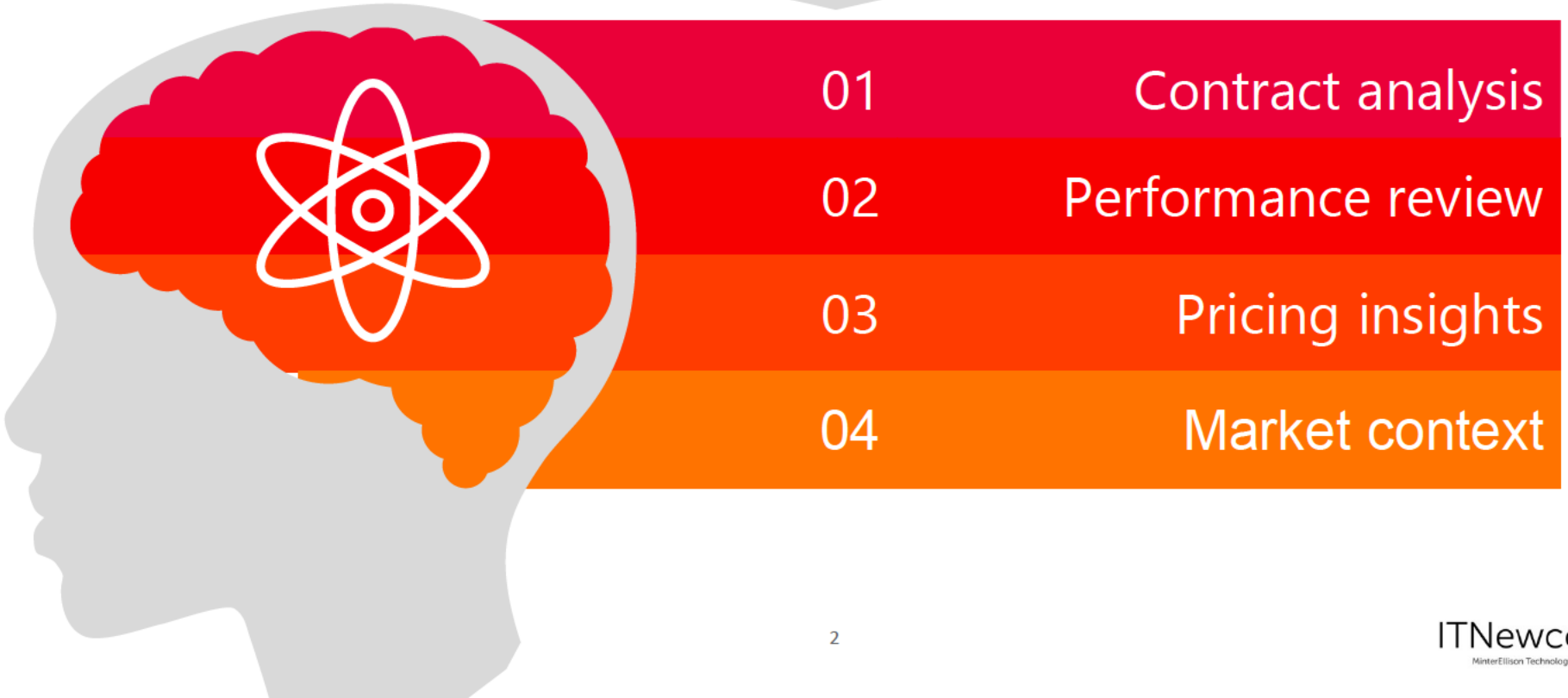
Asia Pacific's Leading Technology Spend Optimisation Partner

Introduction ▶ Context

This report documents the result of a review aimed at optimising the Dimension Data / SSO relationship. The review focussed on analysis of the contract, performance, customer sentiment and spend insights.

Agreed objectives of the review:

- Understand scope, sentiment and performance of the existing contract
- Understand the SSO's current ICT Strategy and business strategy and consider this from the perspective of potential opportunities or constraints on the SSO's relationship with Dimension Data



Introduction ▸ Table of Contents

Introduction ▶ Context

The design and execution of the review acknowledges the impact Dimension Data has on the SSO achieving it's vision to provide a shared ICT infrastructure and growing local government participation.

Enable New Zealand local government to thrive in a world of increasing digital complexity;

Through a collaboration of high performing suppliers delivering shared ICT infrastructure that is reliable, cost effective and scalable;

Allowing Local councils to focus funds and resources on delivering to changing customer needs and enabling quality community outcomes.

Capability	Resilience	Reliability	Agility	Value	Innovation
• Retained independence, ownership and influence	• Increased resilience of council service provision	• Increased efficiency of services delivered to the community	• Increased efficiency of IT procurement	• Increased customer satisfaction with services delivered	• Improved response to changing business needs for technology enabled services
• Over-all and sustained lift in capability of IT service delivery that meets current and future requirements of local government	• Infrastructure provides high availability for core services, supports BCP and protects against data loss	• Provision of an environment that facilitates high performance and availability of business applications and tools	• Standardised processes and services are readily scalable and leverage the collective groups buying power	• Reduce proportion of IT budget spent on infrastructure through continuous improvement programs	• Technology road map and system design that anticipates future customer need and supports insight led decision making

Service Provider Relationship Considerations

• Fit for purpose equipment and software • Performance monitoring • Secure and robust operational environment	• Proven exceptional BAU service delivery • Embedded service management processes • Appropriately skilled resources	• Demonstrated culture of Continuous improvement • Pricing aligned to market and requirements • Effective governance model supporting SSO vision

Introduction ▶ Context

(2 of 2)

In the context of the SSO vision and the goal of optimising the Dimension Data relationship, five key factors drove the initiation of this review and have been considered in it's findings.

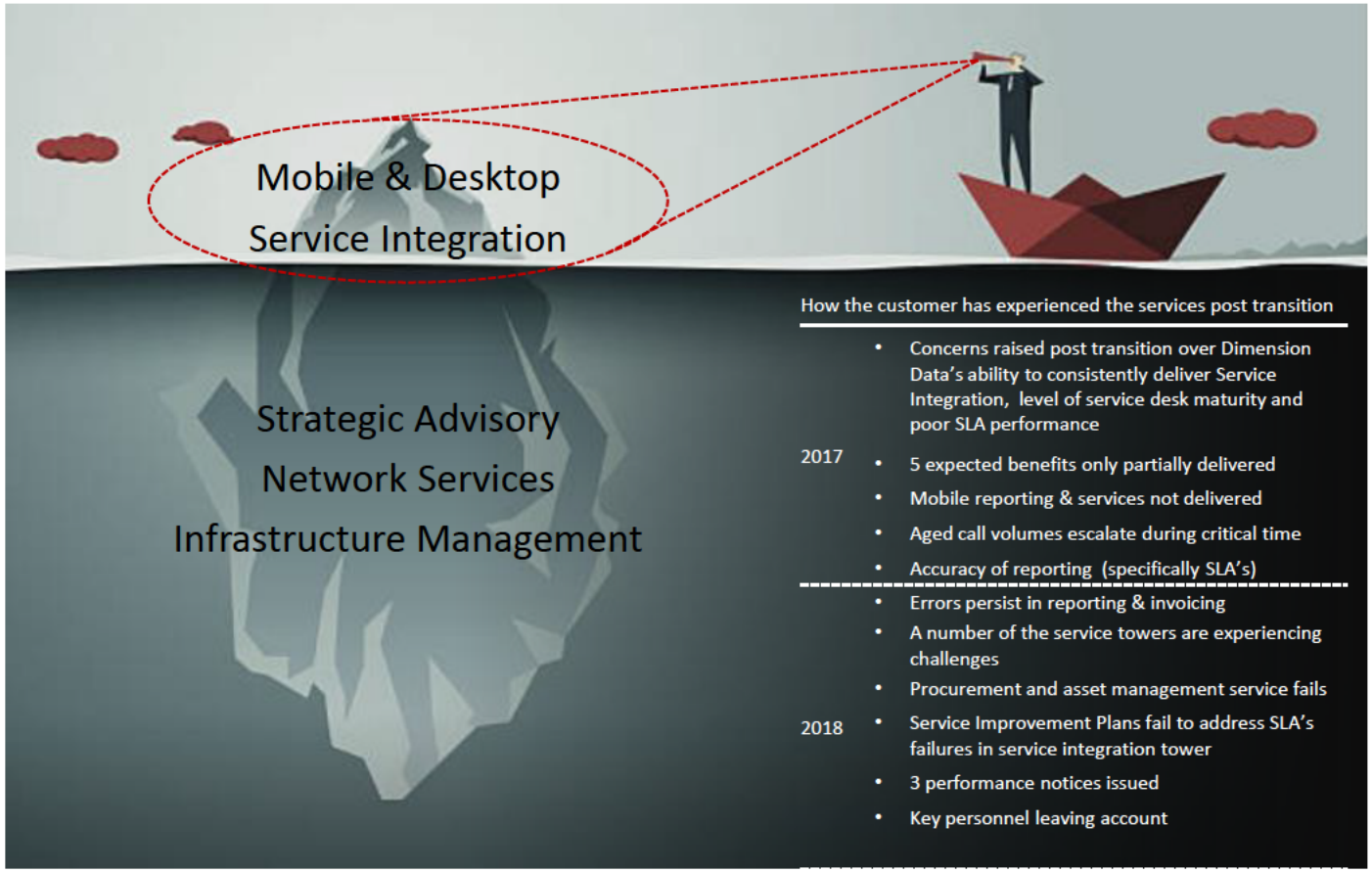
Report Influencers	Description	Influence on decision to review
Contract Lifecycle	The contract with Dimension Data has been in place for 2.5 years, representing the mid point of the agreement. This represents a natural time to leverage available validation levers, i.e. benchmarking etc to review the relationship and ensure expected value is being delivered.	●
Performance	In recent history, the performance of Dimension Data has been below expectations in certain areas, culminating in three service breach notices which have yet to be fully remedied. The general underperformance has resulted in a gradual breakdown of trust in the over-all relationship.	●
Value alignment	The importance of cost control and the realisation of value for money is a key driver for the SSO and participating agencies. While the agencies expected a cost increase for an uplift in service through the provision of this agreement, their costs in some cases have expanded beyond that, and the expected uplift in service delivery has not met expectations.	◑
Supply Market	Changes to All of Government panel pricing presents a logical time to conduct this review.	◔

◔ Low ◑ Medium ● High

Introduction ▸ Table of Contents

Executive Summary ▶ Relationship over-view

Since the contract was awarded, some services are performing as expected (Infrastructure and Network Service) however poor performance and unaddressed service failures in the most visible areas have led to three service breach notices, a weakening of the relationship and breakdown of trust.



Executive Summary ▶ Key findings

In it's current form, the relationship is unlikely to deliver to either organisations objectives. Primarily due to service failures in the service integration tower impacting overall delivery and perception

Contract Analysis	▪ Together with specific MSA terms, disaggregated Service Schedules and nature of the obligation descriptions, the agreement is not optimal and introduces an element of risk of service failure for customers and reputational damage for Dimension Data and the SSO
Performance Overview	▪ While underlying technology is acceptable, service management and customer delivery is poor ▪ For the few SLA's that are reported, target was only met 69% of the time in the last 6 months ▪ High turnover in staff and inconsistent application of internal process
Commercial Insights	▪ Dimensions Data's core service offering in Infrastructure is an estimated 8% above market average, and Service management - 11% above average (driven by ticket volumes) ▪ Labour rates for the resources commonly consumed under this agreement are well below market average.
Market context	▪ Dimension Data NZ posted financial losses for the past two years and received poor customer satisfaction scores in a 2017 ITNewcom survey, particularly in the area of service management. ▪ As part of a transformation program there has been significant disruption with staff losses and changes to service delivery. The value of this program needs to be defined for DD customers.

Introduction ▸ Table of Contents

Contract Analysis ▶ MSA terms

MSA terms are generally well structured however elements of benefit may be eroded due to SOW terms taking precedence. Other areas for review include performance remediation, testing and exclusivity.

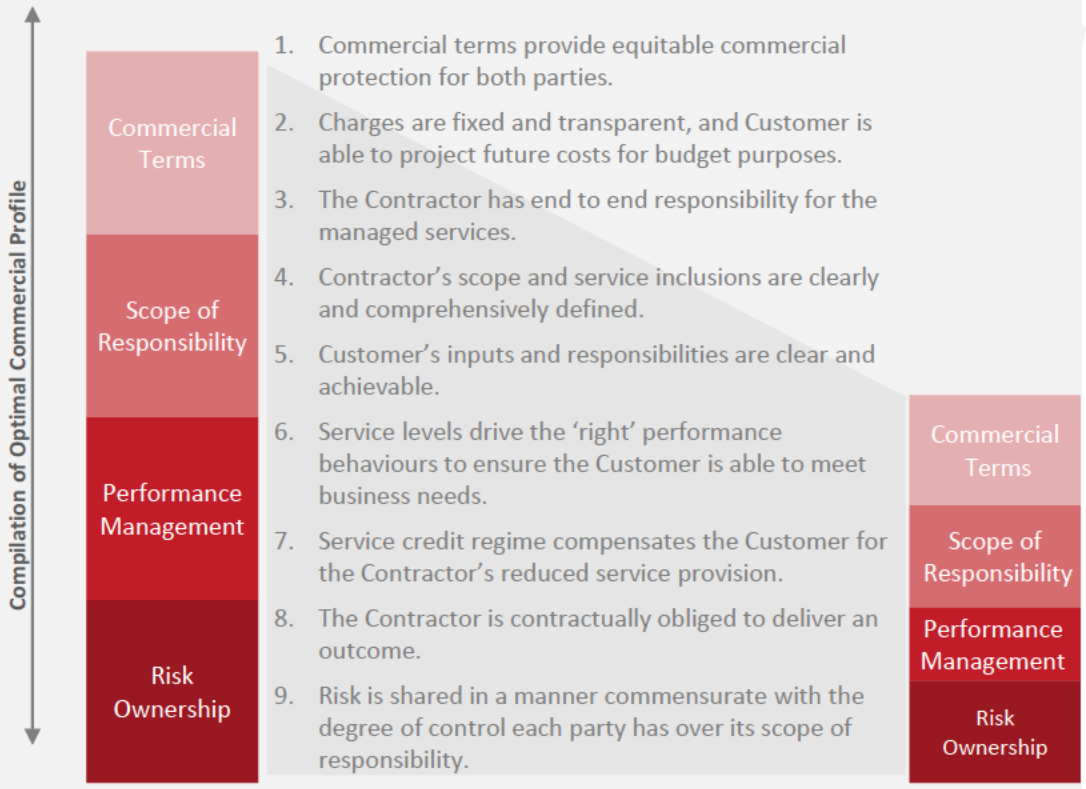
Assessment of Key Contractual Terms of the Master Services Agreement			
1. Agreement Term	16. Assets	31. Invoicing and Payment Terms	46. Liability
2. Order of Precedence	17. Service Recipient Systems	32. Subcontractors	47. Performance Notice and Rectification
3. Contracting Entities	18. Reviews (Annual, Quarterly, Major and Health Checks)	33. Contract Management	48. Insurance
4. Guiding Principles and the Objectives	19. Acceptance Testing	34. Changes	49. Force Majeure
5. Supplier Appointment	20. Warranty Period and Defect Rectification	35. Data Management	50. Business Continuity & Disaster Recovery
6. No Exclusivity	21. Delays	36. Confidential Information	51. Step In
7. Price Review	22. Achievement of Service Levels	37. Intellectual Property Rights	52. Termination For Cause (Rights)
8. Partial Extension	23. Efficiency Efforts	38. Privacy & Disclosure of Personal Information	53. Termination For Cause (Customer Costs)
9. Provision of Services	24. Service Credits	39. Compliance with Laws, Standards, and Codes	54. Termination For Convenience (Rights)
10. Service Recipients	25. Approval of Documentary Deliverables	40. Security	55. Termination for Convenience (Cust. Costs)
11. Transition Services	26. Documentation	41. Virus and Harmful Code Protection	56. Termination by Supplier
12. New Service Areas	27. Dispute Resolution	42. Audit Rights	57. Partial Termination (Rights)
13. Projects	28. Pricing Terms, discounts and rebates	43. Supplier Warranties	58. Partial Termination (Cust. Costs)
14. Supplier Personnel	29. No Minimum Volumes	44. Supplier Indemnities	59. Disengagement
15. Cooperation with Other Providers	30. Benchmarking	45. Customer Indemnities	60. Returning Material, Data and Information

Poorly Aligned Minimal Alignment Suitably Aligned

Contract Analysis ▶ Summary of assessment

The disaggregation of service schedules, task-oriented obligations and unit rate pricing suggests the customer retains a higher level of responsibility that would be expected in a managed service agreement.

Optimal Commercial Profile



Comments

- Two key areas are insufficiently addressed:
  - testing and acceptance of deliverables
  - business continuity / disaster recovery
- The pricing model is relatively complex as compared to other industry standard pricing models and relatively loosely defined services results in:
  - poor alignment with industry good practice
  - inefficiencies in the management of spend
- SSO and participating agencies are disadvantaged by the combination of the exclusivity provisions and lack of service credits . However the impact is partially offset by the discount structure currently in place.
- Service Level Targets are insufficiently defined and contain broad Service Level Exclusions.
- Disaggregated scope limits the Supplier's end to end responsibility and shifts risk to the Customer
- There is no a clear RACI

Contract Analysis ▶ Service Schedules

The Service Area Schedules, although voluminous, are disaggregated and described at a high level thereby increasing the risk of misaligned expectations between the supplier and customer.

Characteristics	Service Area Schedules	Industry Good Practice
Tiered Documentation	• Documentation is tiered on a number of levels (i.e. vertically and horizontally) with scope and service inclusions spread across numerous documents, making it difficult to understand the totality of obligations. • Common terms (e.g. defined terms, etc.) and service provisions are addressed in multiple documents, increasing the likelihood of conflicting information.	• The key benefit of a tiered agreement is to contract services with expediency, whilst mitigating risks using increasing specificity with each tier. • A single set of terms, scope and service obligations ensures greater transparency and clarity for both the Customer and the Supplier.
Amendments to the MSA	• Provisions addressed in the MSA are also addressed in the Service Area Schedules.	• Aggregation of scope into large, aggregated towers (to the greatest possible extent).
Disaggregated Scope	• A high number of documents catering to discrete scope within service towers can create scope fragmentation	• Aggregation of scope into large, aggregated towers (to the greatest possible extent).
Task-oriented Service Model	• Supplier obligations have a task-oriented focus, which is less encompassing than an outcomes-oriented model.	• A managed service model is outcomes-oriented.
High Level Obligations	• Customer obligations and dependencies are high level allowing for a misalignment of expectations (e.g. what is specification of a 'reliable' network). • Documentation contains a high degree of descriptive language, however Supplier obligations are high level, task-oriented and relatively brief.	• Scope and service inclusions comprehensively define scope, clearly define the Supplier's outcome-oriented obligations, and provide sufficient detail to align parties' expectations.
Achievement of Customer Requirements	• Together with high-level performance obligations, it is not clear that obligations will be fulfilled in accordance with Customer requirements (e.g. where a process/document is required to be created, what is the agreed expected output? Where regular maintenance is required, what is the minimum frequency that will be provided or the specification to which the system must achieve?)	• Key deliverables (including description, delivery date and high level approval criteria) are defined in the transition or other project plan to ensure delivery. • All deliverables and service requirements are suitably defined in the Schedules to align parties' expectations
Service Levels	• The consistency and construct of the Service Level Target tables is materially aligned to best practice however certain definitional aspects as well as the Service Level Exclusions are considered a risk to achieving high levels of service.	• Consistent and comprehensive structure. • Consistent definitions. • Robust and substantiated excusable events provisions.

Key: Substantial issue | Different to best practice | Aligned to best practice

Contract Analysis ▶ Service Integration Schedules

Together with identified structural challenges, the Service Integration Schedule includes specific areas of risk that may culminate in sub-optimal service delivery and increase exposure to risk.

Characteristic	Schedule Ref.	Comments
Disaggregated Scope	All	• The disaggregation of scope (e.g. ITSM SaaS and Activate Self Service Schedules) creates a fragmented scope, which increases the risk of misinterpreting scope, missing scope inclusions, and/or misalignment between scope towers.
SSO Responsibilities	All	• Currently the Customer is responsible for all activities not set out in the Schedules. This is undesirable under a managed service arrangement and notably under the current construct of scope disaggregation where the Customer may inadvertently attract scope obligations (e.g. due to 'gaps' between scope documents), for which the Customer is unable to fulfil and/or for which it should not traditionally take responsibility. • Under a managed service model, the Customer typically retains responsibility for strategy, architecture and policy development, with other activities being the responsibility of the Supplier. (Typical exclusions include financial responsibility for provision of third party software / hardware, which varies according to the Customer's requirements.)
Definitions	All	• To enhance clarity and avoid inconsistent use of terms, all definitions should be compiled into a single dictionary (ideally elevated to the level of Schedule 4 to ensure consistent use across all Service Area Schedules).
Changes	4.5	• Use of 'reasonable endeavours' to provide advance notice of material changes is considered highly insufficient and a risk to the stability of the SSO's environment. • The Supplier should propose all changes in accordance with the MSA terms and the SSO's Change Advisory Board requirements (where the change relates to technology).
Scope Qualifications	4.5.1, 4.5.2, 4.5.3, 4.5.4	• The purpose of these scope qualifications and any qualification to scope is contrary to best practice. • Certain scope qualifications appear to be dependencies, constraints, and/or assumptions which are not typically included in a contractual schedule (the sole exception being clear and defined statements requiring resolution during a due diligence or transition in period).

Key: Substantial issue | Different to best practice | Aligned to best practice

Contract Analysis ▶ Service Integration Schedules

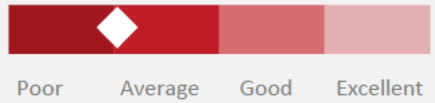
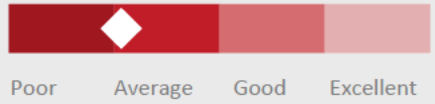
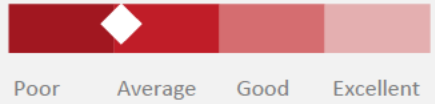
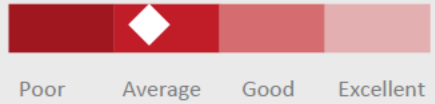
Together with identified structural challenges, the Service Integration Schedule includes specific areas of risk that may culminate in sub-optimal service delivery and increase exposure to risk.

Characteristic	Schedule Ref.	Comments
SSO Service Desk Model	4.5, 4.5.1	• The overarching SSO service desk model is not clearly defined thus it is unclear how the supplier interacts with users and resolver groups. • Ticket prioritisation: end users appear to have initial responsibility for categorising Ticket Priorities (e.g. as they must raise a Priority 1 or 2 by phone), as opposed to the traditional model where the service desk initially allocates the Priority. It is unclear whether the Supplier has responsibility for raising Tickets as a result of events derived from the monitoring system. Traditionally this is a service desk function.
Service Suspension	4.5.4	• The Supplier should have no rights to suspend services beyond those agreed in the MSA.
Service Level Definitions	All	• The consistency and construct of the Service Level Target tables is materially aligned to best practice. • Reference to an Applicability description in conjunction with the Service Level Exclusions is considered contrary to best practice. • Certain service levels are missing key definitional aspects. E.g. ITSM SaaS Availability Service Level does not define 'available', 'fulfill' and 'resolve' are not defined; 'Quick Standard Service Requests', 'General Standard Service Requests' and 'Non-Standard Service Requests' do not appear to be defined.
Service Level Exclusions	All	• Service Level Exclusions are numerous and high level, thus – particularly in conjunction with the missing definitional attributes – provides a broad opportunity for the supplier to fail to achieve a service level. • Exclusions often relate to billable services (e.g. phone calls received out of hours, P1 and P2 incidents notified by email, etc.), which is contrary to best practice. • Traditionally an excusable events clause is agreed at the MSA / MSA Schedule level and is structured as a robust, overarching provision that allows the Supplier to claim (and the Customer to agree) that an excusable event (i.e. a circumstance outside of its control) has caused the service level failure. A suitably high degree of substantiation is required to support the Supplier's claim.

Key: Substantial issue | Different to best practice | Aligned to best practice

Contract Analysis ▶ Pricing Principles

Ill-defined resource units and complexity of the pricing model are not aligned with good industry practice and have resulted in additional controls being put in place by SSO ensure expected value is delivered.

ID	Pricing Principle	Finding	Performance against Market	Impact
001	**Pricing models should be simple to understand and administer** ▪ Minimise governance overheads ▪ Increase cost transparency through pricing model simplicity	• Pricing models are granular with a high number of line items, increasing the complexity to administer, opportunity for error and difficulty validating invoices. • Resource units are not aligned to definitions (i.e. in the service catalogue) thus the inclusions of each line item are not clear.		●
002	**Pricing models should drive the 'right' Customer / Contractor behaviours** ▪ Encourage ongoing efficiency and quality improvements ▪ Minimise risks for both parties	• Resource units often are not driving the 'right' behaviours, for example Service Desk fees do not have a 'countable contacts' provision to exclude duplicate tickets, etc. As such, the supplier may be encouraged to increase the volume of Tickets handled by the Service Desk. • The benefits of efficiency gains are at risk by the contradictory nature of Target Contract Revenue concept.		●
003	**Pricing models should be related to fundamental cost drivers** ▪ Customer costs to be controlled via the influence of these cost drivers ▪ No cross subsidisation between Services	• Resource units (i.e. as set out in the Service Catalogue) do not align 1:1 with the resource unit definitions (i.e. per the Service Descriptions) and thus inclusions are unknown and there is a high risk of cross subsidisation occurring.		◑
004	**Pricing models should provide transparency and enhance predictability** ▪ Enable modelling of future business scenarios ▪ Identify opportunities for efficiency improvements	• Scope and services are not well defined, which significantly impacts transparency of inclusions and exclusions. • The Supplier is not incentivised to deliver efficiencies given per item cost models (e.g. per ticket, per vCPU, per named user, etc) are often misaligned with an outcomes-oriented cost model and do not encourage efficiencies.		◔

Key: ● High Impact on price performance ◑ Medium Impact on price performance ◔ Low Impact on price performance

ITNewcom
MinterEllison Technology Consulting

Introduction ▸ Table of Contents

Performance overview ▶ Sentiment analysis Introduction

In order to establish both sentiment and satisfaction, ITNewcom conducted 23 structured interviews with the customer and supplier. Participants scored and commented on 5 categories and 24 service elements.

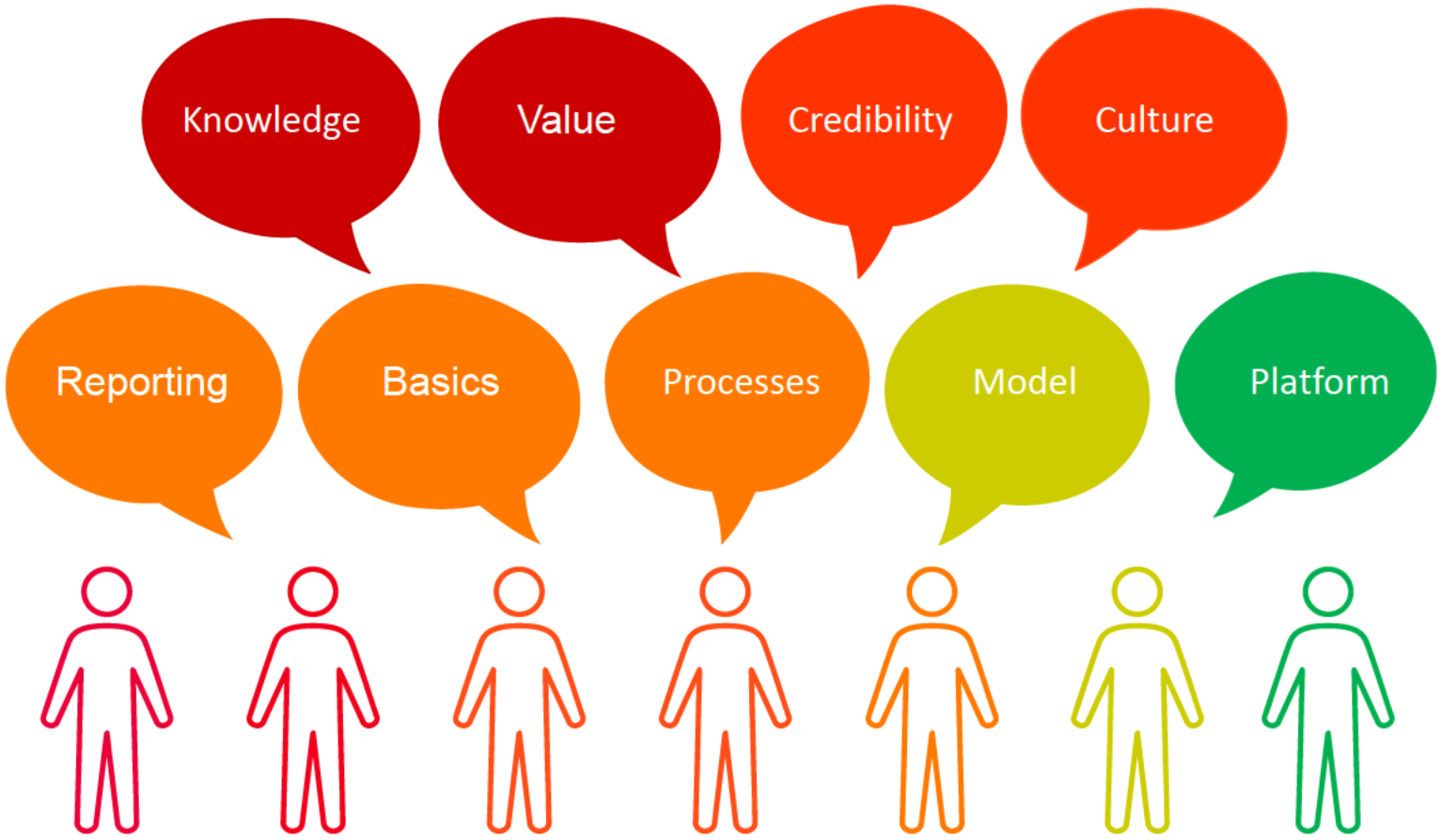
Category		Client Satisfaction Metric	Customer average		DiData average	
Technology equipment	1	Technology Adequacy: The technology solutions provided in relation to Mobile and End User Compute.	3.1	3.2	2.8	2.3
	2	Technology Accessibility: The accessibility of the equipment including the coverage, the ease with which the council staff can access system.		2.9		3.3
	3	Equipment Functionality: Have the staff got the right tools / equipment to perform their required functions.		3.0		3.5
	4	Equipment Performance: The performance of the equipment including the speed, capacity, throughput and reliability of the equipment.		3.2		2.0
Quality of support	5	Technology Support Availability: The availability of the support people to resolve problems, including the ease in contact.	1.9	1.7	3.0	2.3
	6	Technology Support Competence: The competence of the support people, business knowledge, technical expertise and overall ability.		1.8		4.0
	7	Technology Support Professionalism: The professionalism of the support people including level of respect, courtesy, empathy, language.		2.7		3.5
	8	Technology Support Processes: The communication processes through which you deal with Technology support		1.6		2.3
Service Outcomes	9	Delivering value: Vision - Introducing new ideas, methods or solutions to improve business value.	1.9	1.8	2.5	2.8
	10	Delivering Value: Business Advantage - Implementing solutions or projects that deliver business advantage.		2.0		3.0
	11	Manage spend: Cost Management - working with the business to contain and pro-actively manage costs.		1.3		2.8
	12	Manage spend: Cost Competitiveness - Ensuring costs remain competitive relative to the market.		2.0		3.3
	13	High Quality operations: Operational Excellence - Delivering highly reliable day-to-day technology services.		2.6		2.0
	14	High Quality operations: Operational Agility - Responding quickly and effectively to changing business needs.		1.8		2.5
	15	Awareness and engagement: Communication – Proactive and targeted to ascertain performance and requirements.		1.8		2.3
	16	Awareness and engagement: Capability Awareness – Clear communicating articulating the technology services available to me.		1.9		2.0
Model	17	The model supports future business need	2.0		2.5	
Capability	18	Ability to respond quickly to major business changes / challenges.	1.9	1.9	2.7	2.8
	19	Access to innovative solutions and technology.		1.8		2.8
	20	Access to resources not available internally.		2.2		3.5
	21	Ability to reduce costs of technology service delivery.		1.3		2.8
	22	Ability to reduce or mitigate risk.		2.5		2.8
	23	Ability to buy technology services / capacity on demand.		2.2		2.3
	24	Ability to retain deep knowledge of the business.		1.3		2.3

Note: Dimension Data was asked to score areas of service based on how they perceive their customer experiences each service area

Satisfaction Scale : 1 = Does Not Meet, 2 = Slightly Below, 3 = Meets, 4 = Slightly Above, 5 = Exceeds

Performance overview ▶ Stakeholder sentiment (1 of 6)

During interviews, 9 key themes emerged, with knowledge, value, credibility and culture having the most negative impact on general satisfaction, and the model and technology platform having the most positive.



ITNewcom
MinterEllison Technology Consulting

Performance overview ▶ Executive sentiment (2 of 6)

Negative feedback is primarily around points of engagement; driven by poor process, resource constraints and siloed working. There is lack of confidence in Dimension Data's ability and in leadership commitment.

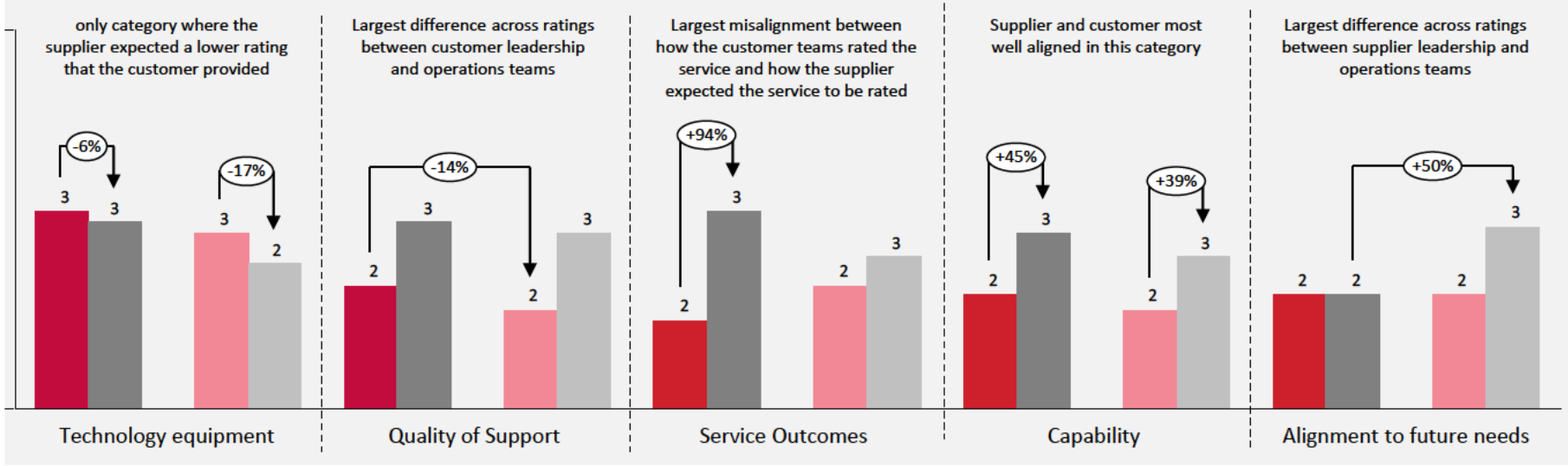
Size indicates impact on satisfaction

ITNewcom
MinterEllison Technology Consulting

Performance overview ▶ Stakeholder sentiment (3 of 6)

The customers average score of 2.2 across the categories indicates a satisfaction level below expectations. While slightly more optimistic, the supplier's average score expectation of 2.8 was relatively well aligned.

Satisfaction of key categories



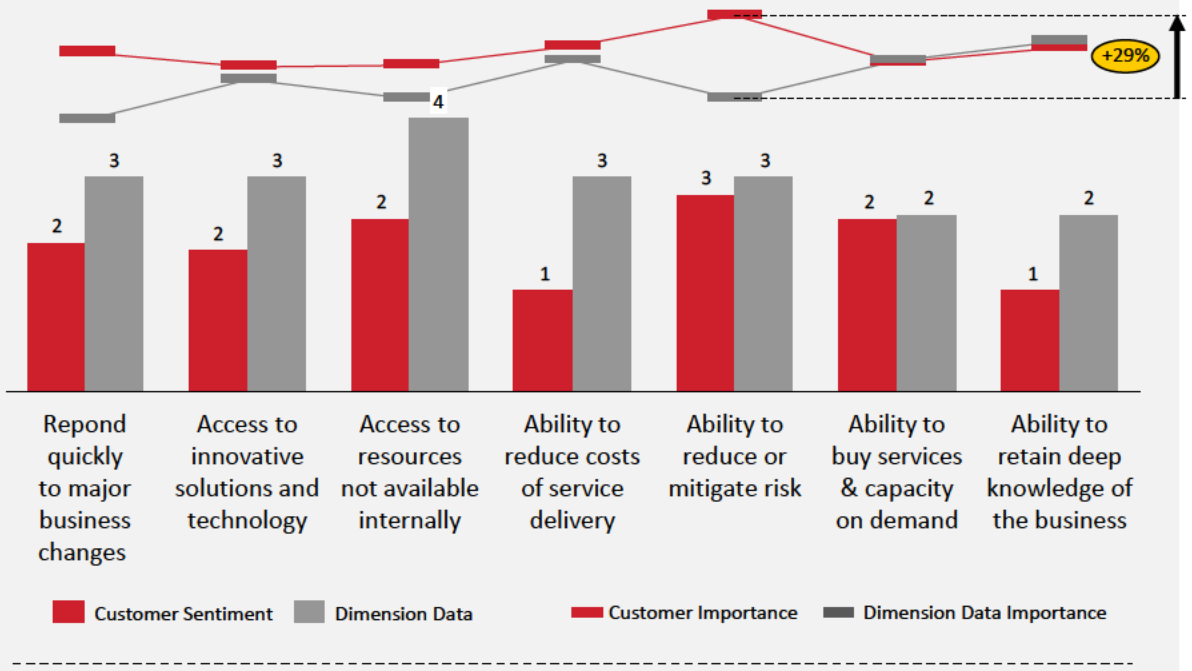
Key Insights

- The average customer rating across all categories was 2.2 with the supplier expectations sitting slightly higher at 2.8. (both below expectations)
- The supplier generally had an optimistic outlook and expected customer ratings to be higher, the only exception was in the technology equipment category, which was the highest rated category for the customer. This could be a result of this service provision now being managed in house
- The leadership and operations customer groups were relatively well aligned with their scoring of the categories, with their largest category variance being -14% in the Quality of Support category. This may be a result of a VIP service influencing the leadership group.
- Dimension Data's leadership group consistently expected customer rating to be higher – with the largest variance to the customer leadership group being 94% in service outcomes. They were also more optimistic than the operations group in all except Alignment to future needs. (-50%)

Performance overview ▶ Stakeholder sentiment (4 of 6)

The supplier and customer are not well aligned on the perceived importance of the management of risk. Other areas of serious concern for the customer include knowledge retention and cost reduction.

Level of satisfaction and importance of capabilities demonstrated by Dimension Data



Importance Scale – 1 = Not at all, 2 = Slightly, 3 = Moderately, 4 = Quite , 5 = Very Important

Satisfaction Scale – 1 = Does Not Meet, 2 = Slightly Below, 3 = Meets, 4 = Slightly Above, 5 = Exceeds

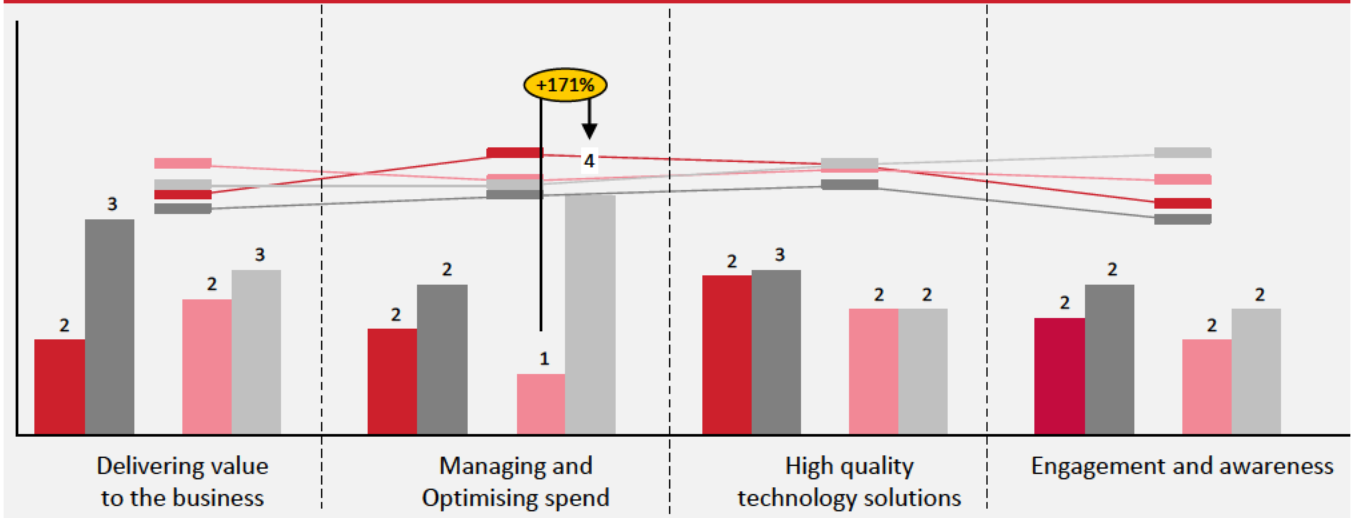
Key interview take-outs

- General sentiment is the supplier is slow to respond to changes, an area that the customer sees as very important. In contract positive feedback was provided about SSO's ability to respond to change
- Frustration expressed by the supplier that innovation ideas are not progressed and the relationship is managed at a more tactical level (leadership perspective)
- While there is general agreement that rates appear competitive, the ability to reduce costs category received a very low score as a result of: cost over-runs (mobile and service des), value erosion by poor service management , error prone reporting and a lack of proactive effort to discuss cost management
- The suppliers inability to retain knowledge of the customer is a serious concern and has an operational impact
- DR capability is another area of major concern, they are not proven, there is confusion about the service and there does not appear to be a supplier led risk plan, scored as most important by the customer

Performance overview ▶ Stakeholder sentiment (5 of 6)

There are notable differences in how the supplier and customer view spend management and value delivery, with general customer sentiment that service management failures negatively impact other areas

Level of satisfaction and importance of service outcomes supported by Dimension Data



1. Vision: Introducing new ideas, methods or solutions to improve business value

2. Business advantage: Implementing solutions or projects that deliver business advantage

1. Cost management: working with the business to contain and proactively manage costs

2. Competitiveness: Ensuring costs remain competitive relative to the market

1. Excellence: Delivering highly reliable day-to-day technology services.

2 Ability: Implementing solutions or projects that deliver business advantage

1. Communication: Proactive and targeted to ascertain performance and requirements.

2. Awareness: Clearly articulating the services available and the business value

Key interview take-outs

- Acknowledgement of good work in infrastructure space, however failures in service management negatively impacts all areas
- Too many BAU's failures to think about innovation
- Communication is not effective
- While there has been efforts to inform of new technology or services, it is generally unwelcome due to failure to deliver BAU
- There is a notable difference in the way the operations groups view management of spend, the supplier believes the customer gets more than they pay for however also acknowledges it may be in areas that are not visible or contracted, resulting in a much lower customer score

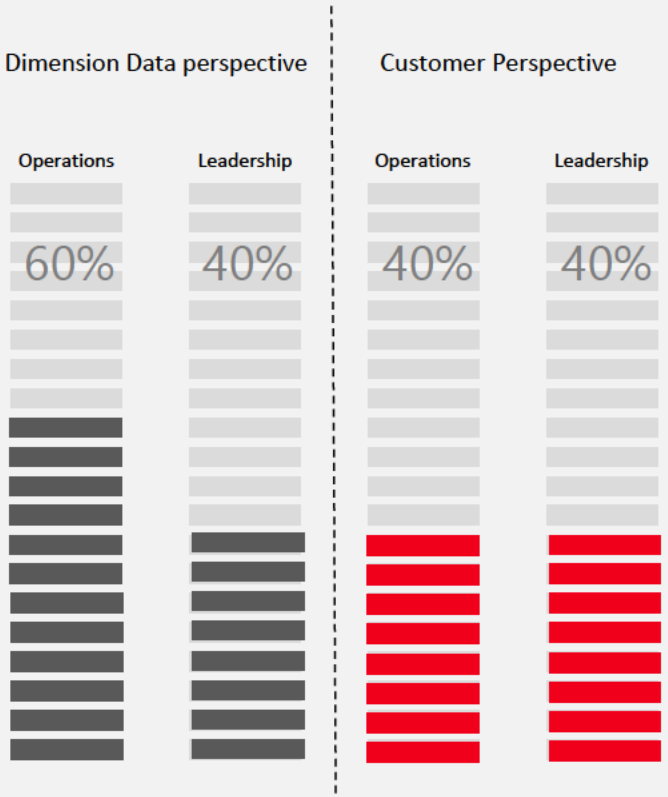
Leadership
Leadership DD
IT Operations
IT Operations DD
Leadership
Leadership DD
IT Operations
IT Operations DD

ITNewcom
MinterEllison Technology Consulting

Performance overview ▶ Stakeholder sentiment (6 of 6)

Broadly customers feel that the SSO model will support their future needs, however current performance needs to be urgently addressed and the lessons learnt incorporated into a review of the service approach.

Strength of agreement with the model's ability to support future business needs



Key interview take-outs

- Customers generally agreed that the model will continue to support their future business needs – their scores were relatively low due to the service issues with Dimension Data who are the sole provider of services under the model.
- Despite the model being right, there is a perception of risk increasing as performance gets worse, particularly related customer facing services, data loss, stability, DR and reputation
- The underlying technology appears robust, however Dimension Data's management of the service – both internally and when engaging the customer – has failed do deliver the expected value. Examples include standardisation of processes, DR capability, service desk improvements and stability (impacted by core ITSM services failure)
- There is consensus across the groups that the governance model needs to be reviewed (include setting up a new RACI between SSO, customer and Dimension Data)
- Unanimous agreement across the board that the relationship must be re-set. includes:
  - Honest discussion about the value and frustrations of the relationship for both parties
  - Capability discussion – Is Dimension Data set up to deliver the services required?
  - A credible remediation plan to address service failures of ongoing services
  - SLT commitment to a remediation plan by providing the processes, tools and people needed
  - Re-set expectations align the contract

Performance overview ▶ SLAs and performance (1 of 4)

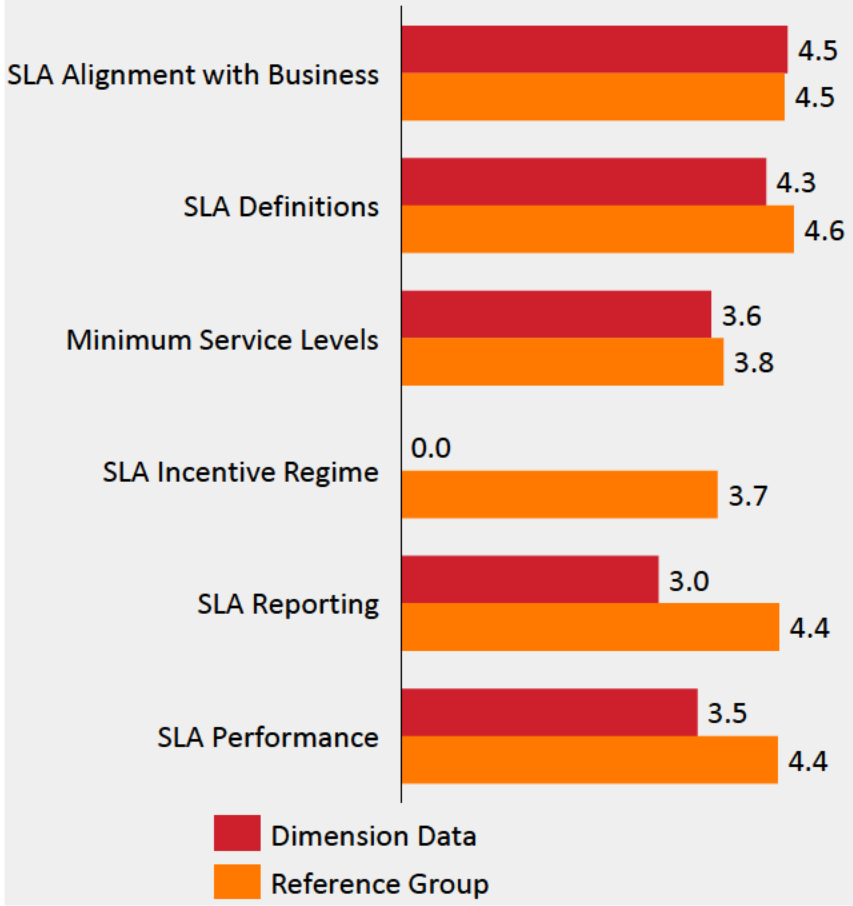
When assessing Service Levels in an ICT services agreement, ITNewcom compares the following key elements of the Service Level model to a reference group of similar deals.

Service Levels Assessment – Objective and Key Elements	
Objective	The extent to which the Service Level terms are reasonable, measurable and aligned with business needs
Service Level Elements	**Service Level Alignment with Business** • Are the right things being measured? Are the service levels strong indicators of good performance? Do the service levels provide good coverage across key IT services? **Service Level Definitions** • Is there a clear description of each Service Level? It is clear how the indicators are going to be measured and calculated? Is it clear who is responsible for measuring the Service Levels? **Minimum Service Levels** • How do the minimum Service Levels (MSLs) for the critical and key service levels/indicators compare to the market? **Service Level Incentive Regime** • What is the level of risk assumed by the Service Provider? Are there incentives for the service provider to exceed the minimum service levels? **Service Level Reporting** • How well is the reporting for service level performance. **Service Level Performance** • Have the critical and key service levels been met in the last 12 months.
Comments	**Assessment of Service Levels** • As part of the assessment, ITNewcom includes a comparison of the Minimum Service Levels for each in-scope Service Level against the Reference Group (i.e. Below Average, Average, Above Average). • If the Service Level is unique or specific to the client's environment, then the Service is not compared to the reference group. A services level may be deemed unique, if the Service Level is typically not measured, or if measured, then not in the manner defined.

Service Level Assessment ▶ SLAs and performance (2 of 4)

Dimension Data falls behind the peer group when comparing service level elements. Despite having a comprehensive framework, few measures are reported and those that are reflect poor performance.

Service Level Elements Compared to the Market (out of 5)



Supporting Comments

- Dimension Data's performance is similar to the reference group in the first 3 elements.
  - SLA Alignment with Business
  - SLA Definitions and
  - Minimum Service Levels

This is because, the SLAs documented in the Service Schedule and Service Catalogue are comprehensive .

- However, Dimension Data is performing worst than the reference group in the following metrics.
  - SLA Incentive Regime
  - SLA Reporting
  - SLA Performance

This is because there is no SLA Incentive Scheme to incentivise the service provider to exceed the minimum service levels. Whilst there is a summary Service Levels report, not all service level calculations were available for review to validate that the Service levels were reported correctly. Furthermore, year to date, only 69% of the 197 reported services levels were achieved.

It is recommended, Dimension Data, consolidated the SLA reporting to reflect Business Measures in the 3 Key Result Areas.

Performance overview ▶ SLAs and performance (3 of 4)

When comparing the 7 key service levels that Dimension Data track to the peer group, Dimension Data are below average for 4, and above average for soft MAC's completed within a specific time frame.

Process	Service Level Name and Minimum Service Level (MSL)		ITN Service Level Name	RG Average	MSL Compared to RG
Incident Priority SLA's					
	90% of P1 Incidents resolved in 4 Hours		Severity 1 Incident Resolution Time	85% to 95% within 2 to 4 hours	Average
	90% of P2 Incidents resolved in 8 hours	▶	Severity 2 Incident Resolution Time	85% to 95% in 4 to 8 hours	Average
	90% of P3 Incidents resolved in 5 business days		Severity 3 Incident Resolution Time	85% to 95% in 2 Business Days	Below Average
	90% of P4 Incidents resolved in 10 business days		Severity 4 Incident Resolution Time	85% to 95% in 5 Business Days	Below Average
Customer Survey Statistics					
	80% Customer Satisfaction of the Services	▶	The level of Customer Satisfaction as assessed by service provider	80% to 85% satisfied	Below Average
Quick Move Add Change and Delete Requests					
	90% of Quick Standard Service Requests fulfilled within 30 mins (DD Resolvable)	▶	% of soft MACs completed within the specified time	90% in 1 Business Day	Above Average
	80% of Standard Service Requests resolved within 5 Business Days (DD Resolvable)		% of hard MACs completed within the specified time	90% in 3 Business Day	Below Average

Note: There are a number of SLA's that are reported, however for the purpose of modelling 7 key SLA's were compared.

Service Level Assessment ► Service Levels Performance (4 of 4)

Analysis of SLAs and KPI related performance indicates 45% breaches of reported targets across all 7 SLA reported in the last 6 months.

	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
90% of **P1** Incidents resolved in 4 Hours	100%	100%	67%	75%	67%	50%
90% of **P2** Incidents resolved in 8 hours	92%	100%	83%	89%	77%	96%
90% of **P3** Incidents resolved in 5 business days	77%	75%	68%	74%	69%	73%
90% of **P4** Incidents resolved in 10 business days	90%	97%	87%	85%	90%	90%
80% Customer Satisfaction of the Services	78%	85%	61%	64%	83%	74%
90% of Quick Standard Service Requests fulfilled within 30 mins (DD Resolvable)	92%	92%	93%	82%	80%	87%
80% of Standard Service Requests resolved within 5 Business Days (DD Resolvable)	81%	84%	80%	68%	83%	82%

Achieved
Passed (Failed within 5%)
Failed

Data Source
Resolved SLAs - 6mths

Performance Overview ▶ Background and Approach

ITNewcom has been engaged by SSO and DiData to conduct an operational review of the process maturity and the operational efficiency of the service provided by Dimension Data. The assessment was conducted by reviewing the information provided as well as interviewing some of the IT operations resources from Dimension Data and SSO.

Background

The purpose of the Operational Performance Assessment was to review the current state, identify and gaps and provide feedback on possible solutions.

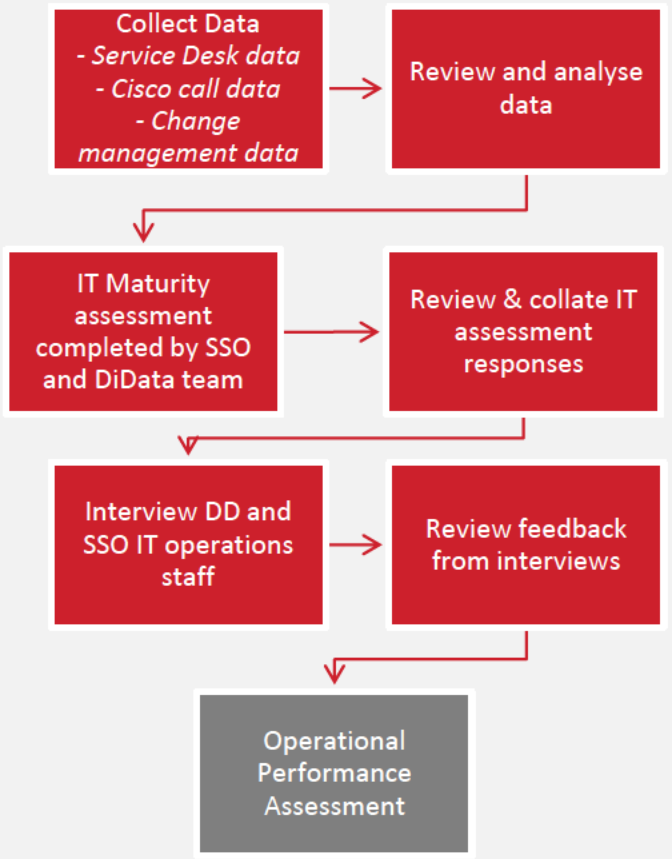
The review focused on the following

- The maturity of (all / selected) services currently provided by Dimension Data.
- The customer perception of the service outcomes
- The ability to provide a consistent and reliable service, as outlined in the Service Catalogue
- Identify gaps in the current service operations.
- Provide high level possible solutions.

Review Focus Areas

The review focused on three main areas to try and gain an understanding of the current performance level.

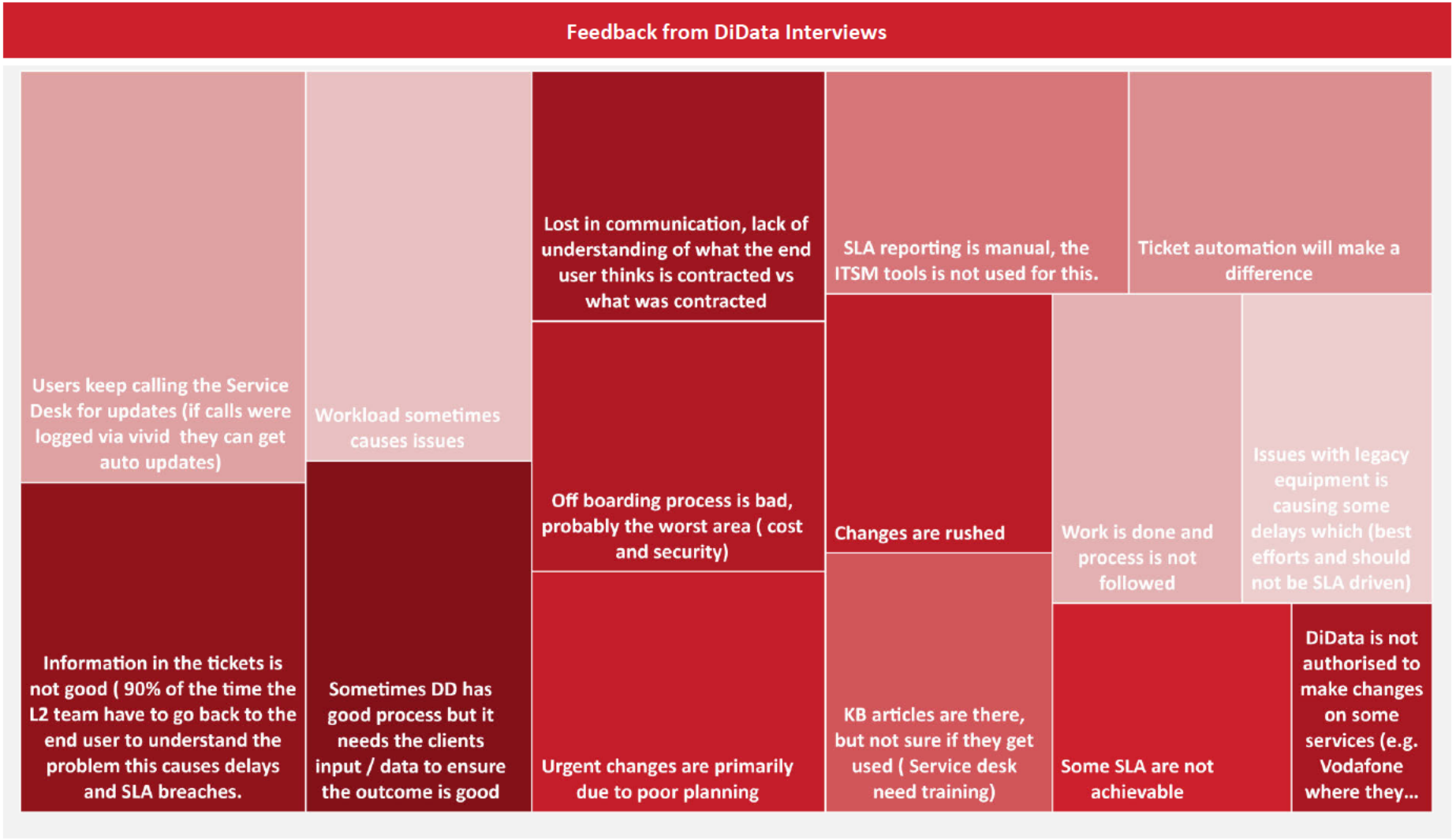
Operational Performance Assessment Approach



ITNewcom
MinterEllison Technology Consulting

Performance Overview ► DiData Interview Feedback

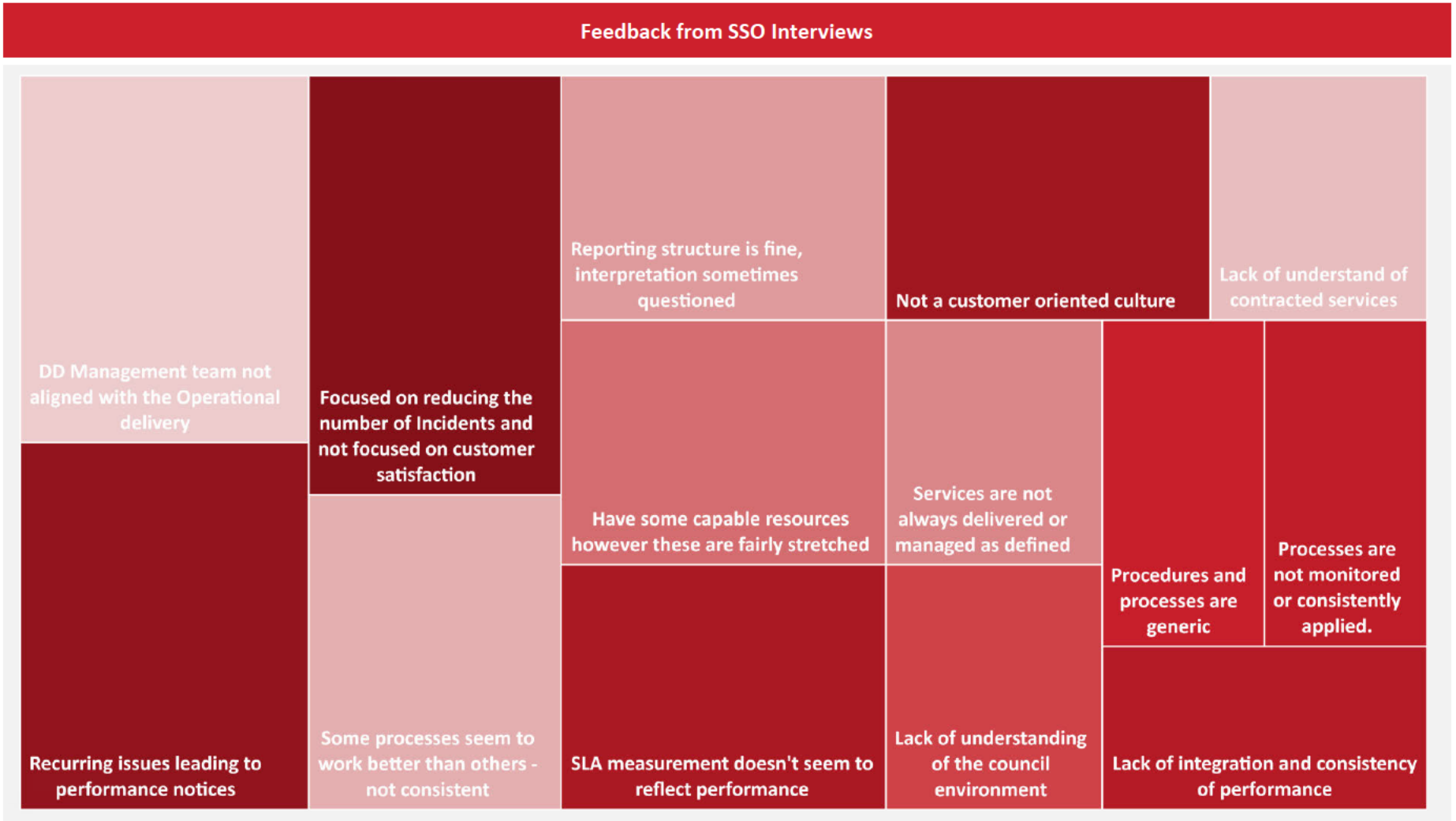
A number of underlying issues were raised during the interviews with the DiData team, these are summarised below. Addressing the root cause of these issues will enable a better customer outcome.



ITNewcom
MinterEllison Technology Consulting

Performance Overview ► SSO Interview Feedback

A number of underlying issues were raised during the interviews with the SSO team, these are summarised below. Addressing the root cause of these issues will help reset the relationship and rebuild confidence in the service.

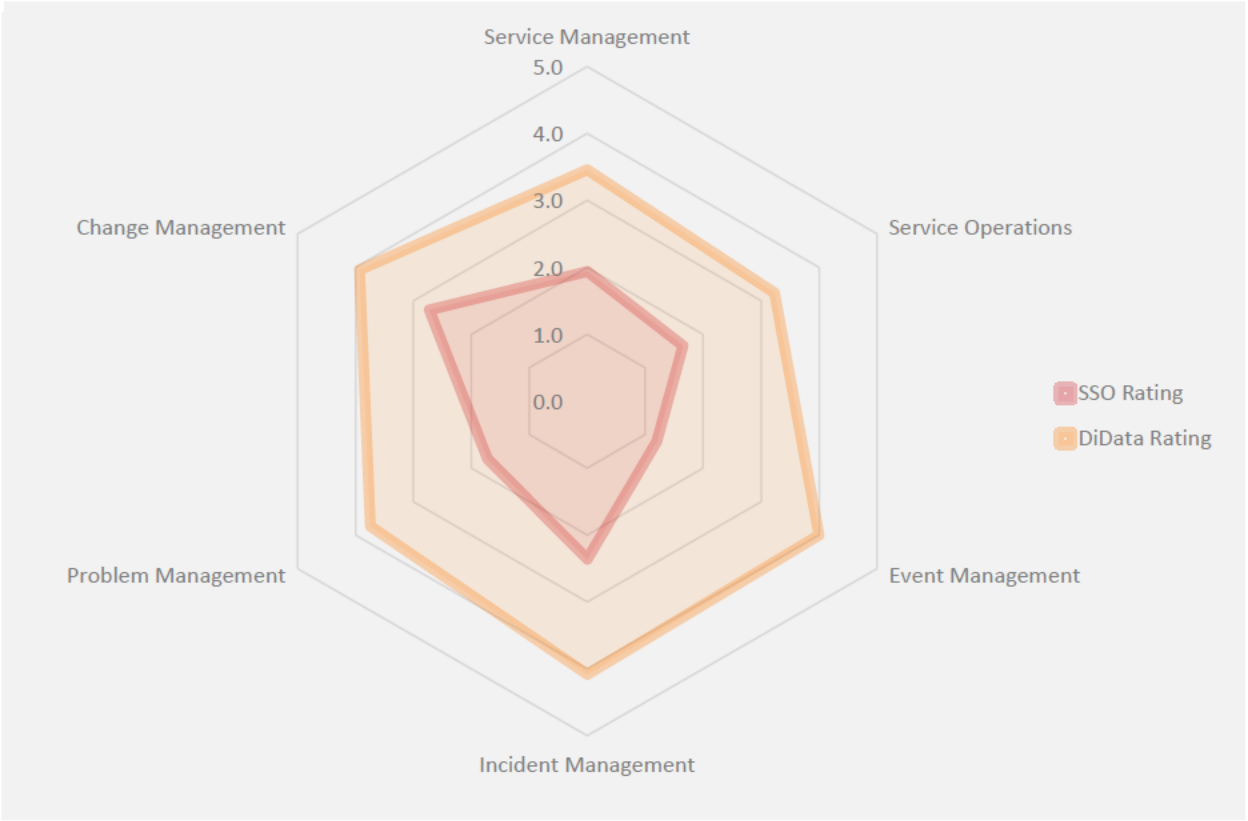


ITNewcom
MinterEllison Technology Consulting

Performance overview ▶ IT Service Maturity

As part of the IT Operational Performance Assessment the Dimension Data (DiData) and SSO team were request to complete a Service assessment. The Dimension Data completed the assessment based on fact (understanding the processes and structures that are currently in place). The SSO completed the assessment based on their perception of the underlying process maturity that enables the service outcomes.

Overall Performance



Findings

- The DiData teams average self assessment maturity rating of 3.7, however the average rating of the SSO was 1.9. The difference in these ratings is down to a couple of key issues

  1) The reporting on event management and problem management is limited and hence the ratings are lower as there is no evidence of these processes

  2) Service Management and Service Operations are not as mature as other services.

  3) The lines of communication between DiData internal teams are poor and they operate in silos.

  4) Difference of opinion on the scope of contracted services to manage vs Contracted service to deliver.

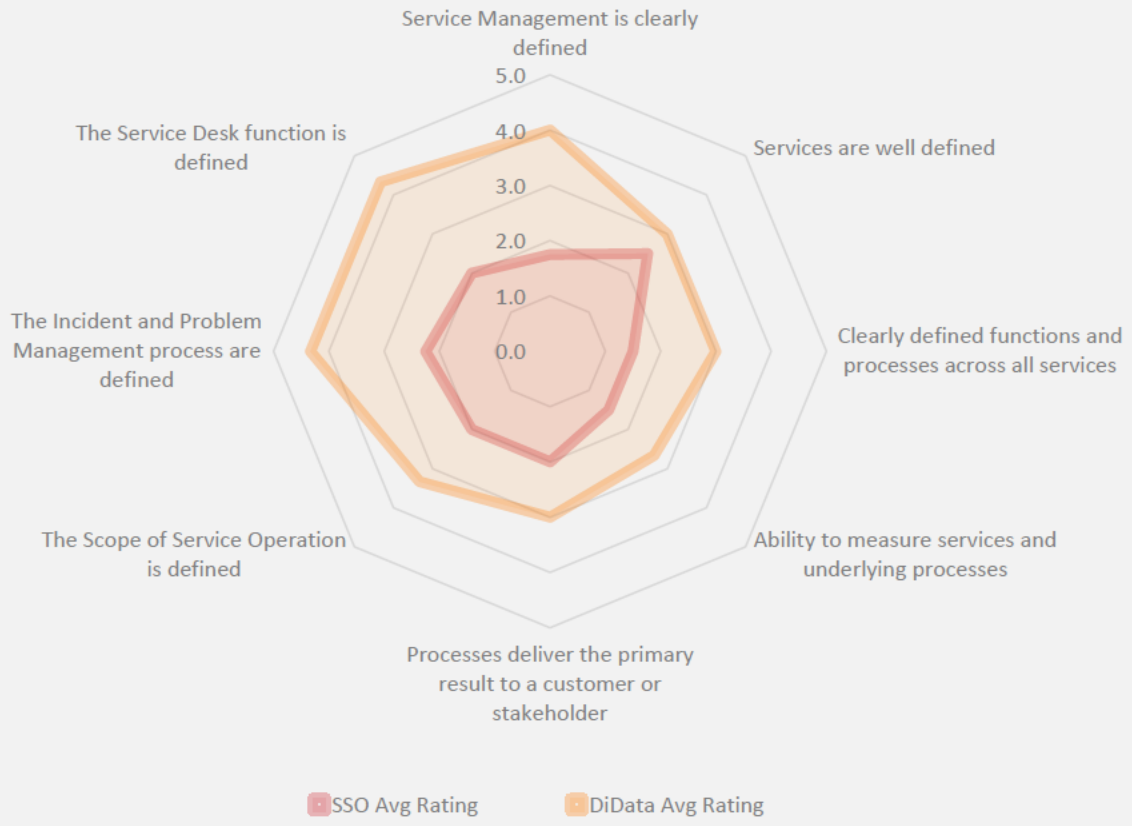
Key: 1 Initial 2 Repeatable 3 Defined 4 Managed 5 Optimising

ITNewcom
MinterEllison Technology Consulting

Performance overview ▶ IT Service Maturity

IT Service Management (ITSM) refers to the entirety of activities (policies, processes, and supporting procedures) required to deliver the service. The review focused on the people, process and use of technology that is currently in place to support the delivery of services.

Service Management



Findings / Insights

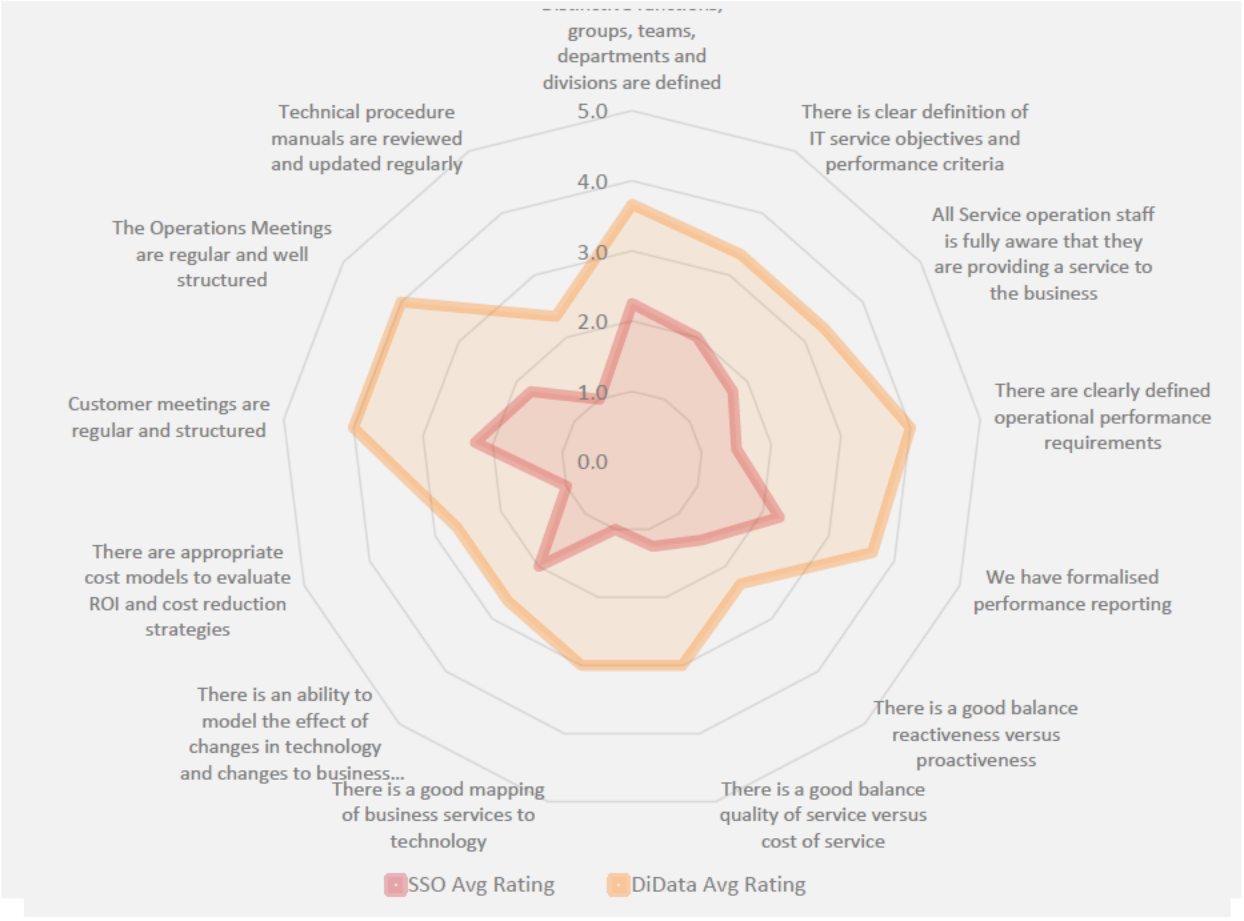
- Out of the eight areas reviewed, 50% of the areas had a gap of more than two points.
- The Service desk function has processes that are available, however documentation about the customers environment is lacking in some areas. The high turnover of staff and high call volumes are a potential factor contributing to the ratings gap.
- The Incident and Problem process are well defined, however the outcomes of the process are not visible to SSO. There is limited reporting provided on Problem Management.
- Aged tickets and lack of information in incident tickets is tending to skew the perception and the outcomes.
- `A number of the processes are manual and hence measuring the performance of these services is difficult.

Key: 1 Initial 2 Repeatable 3 Defined 4 Managed 5 Optimising

Performance overview ▶ IT Service Maturity

Service Operation stresses the importance of measuring the experience from a user perspective, users don't care about all the required resources (e.g., people, process, and technology) involved in delivering the service, they just want reliable service when they need it and at a fair cost. Based on the assessment conducted a number of areas in service operations need maturing.

Service Operations



Findings / Insights

- The performance requirements for some areas are well defined, however during the interviews with the operational team there was a feeling that the reporting could be improved.
- The call volumes have been fairly high and this has led to the service delivery being reactive.
- There is limited ability to map Business Services to technology. The tools are in place but the CI relationships have not been created in the CMDB and there is limited linkage of tickets to CI's.
- Currently most of the effort is put into Incident and Service Request resolution. The ROI on Problem Management etc. does not exist and due to the high call volumes, this has not been a focus area.
- Technical manuals seem to be generic and there is a lack of visibility of technical manuals in the applications area.

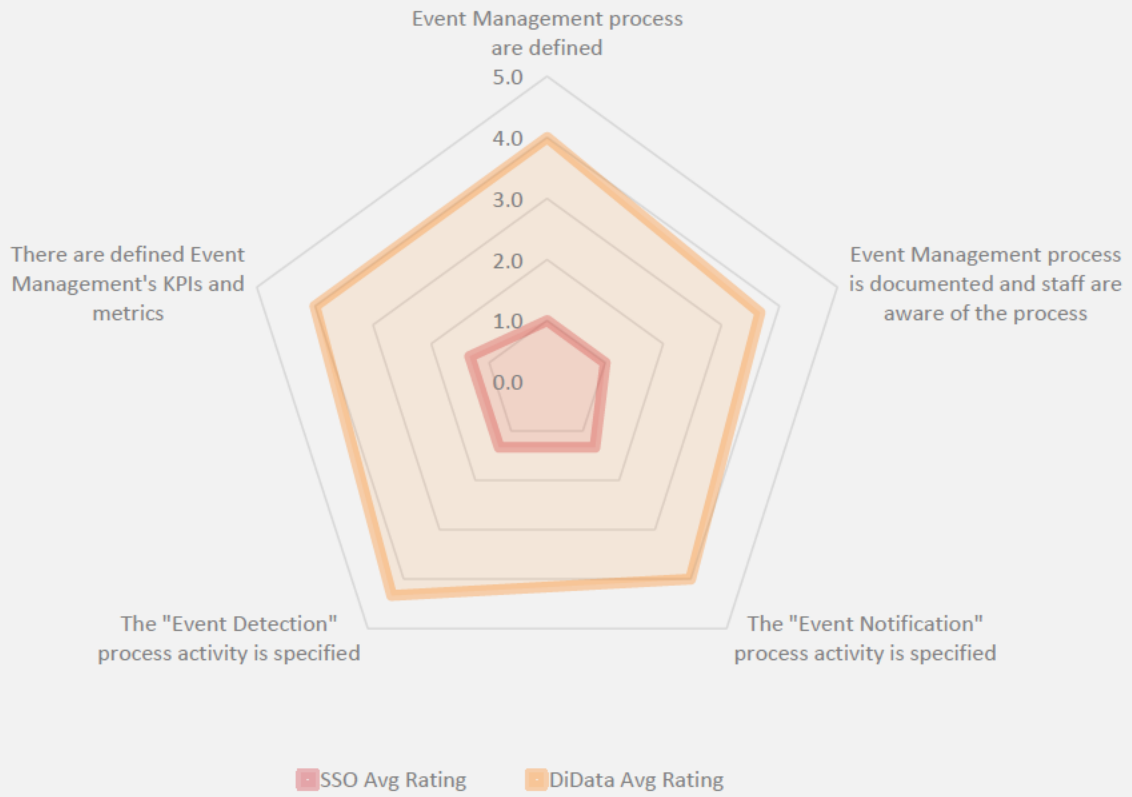
Key: 1 Initial 2 Repeatable 3 Defined 4 Managed 5 Optimising

ITNewcom
MinterEllison Technology Consulting

Performance overview ▶ IT Service Maturity

Event Management is a proactive process that is monitoring systems and services, the aim of this process is to filter and categorize Events in order to decide on appropriate actions if required. There is a big gap in the maturity rating of this service which is primarily caused by lack of transparency and reporting.

Event Management



Findings / Insights

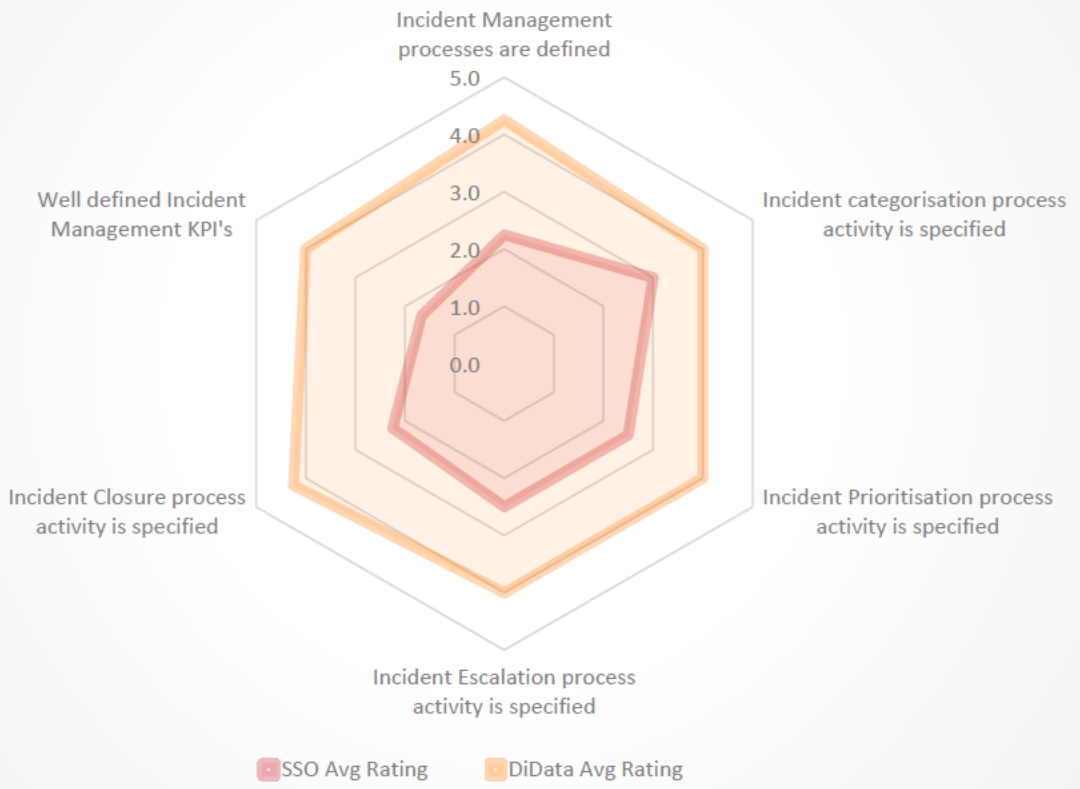
- Event management processes exist and are well documented
- The monitoring tools are in place and the DiData team confirm that events are being logged in the ITSM tool.
- Reporting on the proactive management of events is missing and this could be leading to the gap in the ratings between DiData and SSO
- Based on the SSO feedback some events go unnoticed and not monitored and this leads to a lack of confidence around the maturity of the event management process
- There was little evidence of KPI's around event management, (e.g. trend monitoring and reporting of logs and types of events)

Key: 1 Initial 2 Repeatable 3 Defined 4 Managed 5 Optimising

Performance overview ▶ IT Service Maturity

Incident Management is one of the processes that the end user / customer interacts with on a daily basis, while this is a fairly mature process, under-resourcing, lack of understanding of the customer environment and SLA breaches have led to the difference in rating of this process.

Incident Management



Findings / Insights

- The Incident Management processes are well defined, however based on the average no of days to close incidents (11.8 days) it shows a lack of adherence to process.
- The classification of incidents is fairly good, however there is a number of call classifications that are duplicated which could cause errors when reporting on call types.
- The Incident escalation process is defined, however once an escalation occurs there is no process to communicate resolution to all parties.
- KPI reporting is an area that needs to be focused on. The Service Desk tracks the daily performance of the Service desk queue, however proactive management of all open incidents needs to be implemented
- Accuracy of data in the reports produced will reinstate confidence in the reports.

Key: 1 Initial 2 Repeatable 3 Defined 4 Managed 5 Optimising

Performance overview ▶ Incident and Service Request

A review of the Incident and Service Request data for the last six months shows a number of calls have been closed outside of SLA. The average days to close calls in all cases (Dimension Data and Internal IT) are higher than the SLA which could be a contributing factor to the customer dissatisfaction.

Incident Management

Service Desk Agent Names

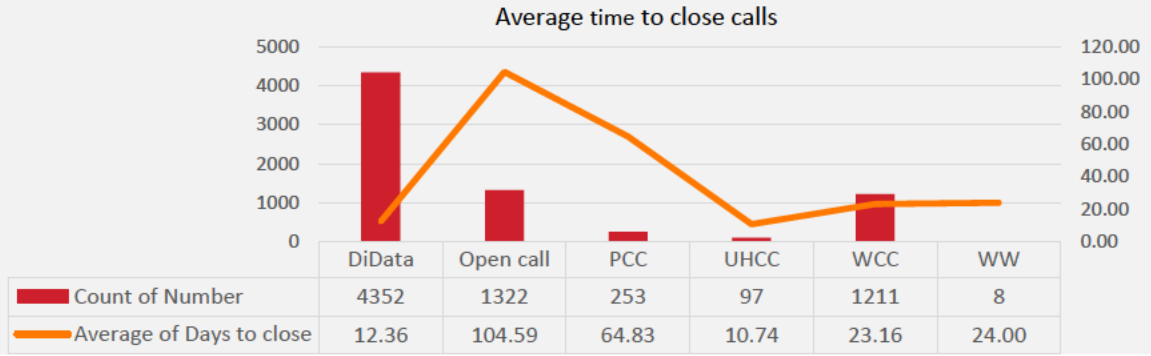
Name	Dec	Jan	Mar	Apr	May	Total
[redacted]				42	440	482
			171			171
			5	5		10
	172	270				442
			139			139
		17	230	391	328	966
					1	1
	311	570	247	360	254	1742
	439	79				518
			288	91		379
	253	167	214	246	119	999
			158	580	658	1396
	491	799	428			1718
Total	1666	1902	1880	1715	1800	8963

Average days to close Incidents

Month	No Closed	Avg. Days to close
Dec-17	899	10
Jan-18	743	14
Feb-18	894	14
Mar-18	1195	19
Apr-18	972	12
May-18	1049	16
Jun-18	50	11
Open	1314	109
Resolved	127	126
Grand Total	7243	34

Average days to close Service Requests

Month	No Closed	Avg. Days to close
Dec-17	1191	9
Jan-18	1324	11
Feb-18	1478	11
Mar-18	1394	14
Apr-18	1052	11
May-18	1445	15
Jun-18	56	9
Open	1631	103
Grand Total	9571	27



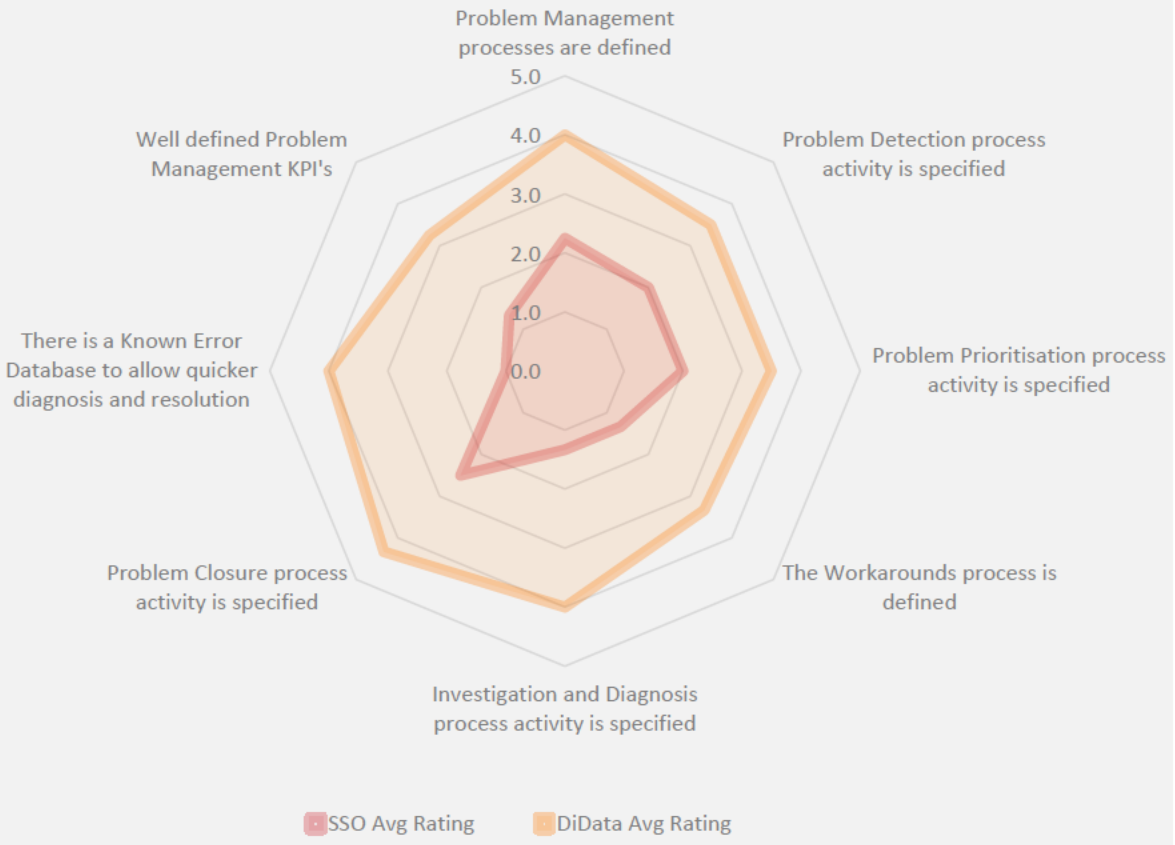
Findings / Insights

- There has been a high staff turn over in this area. Over a six month period there have been 13 people on the service desk.
- Induction processes exist, however with this level of staff turnover it is fairly difficult to induct staff and this leads to a sub optimal customer experience.
- There has been a recent push to reduce the large volume of open tickets. The closure of the aged tickets is impacting the stats for the average days to close.
- Automated ticket routing is being implemented which will help reduce the fix times.
- Average call closure times across all closure groups is higher than the SLA. Improving the call resolution time will give the end user a better experience.

Performance overview ▶ IT Service Maturity

Problem Management is one of the services if implemented correctly will reduce the number of incidents and fix the underlying issues.

Problem Management



Findings / Insights

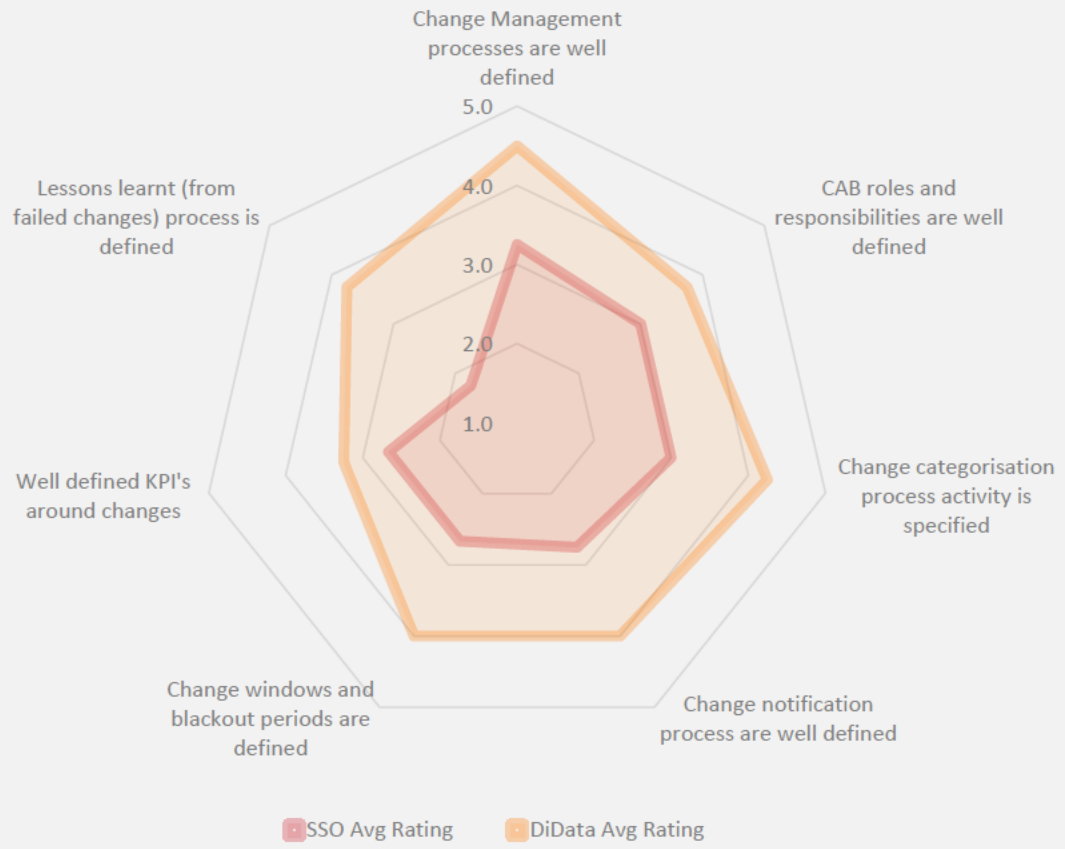
- Problem management process exist. Since Dec 17 a resource has been allocated to Problem Management.
- Since Dec17 there have been 19 problem management tickets logged. 10 of these have been resolved and 9 of these are still under investigation. Resource capacity could be an issue.
- Updates on problem management tickets are provided at the operations meetings but there is no formal reporting or KPI measures in place.
- The linkage between tickets and CI's is limited which makes the problem manage process a manual process and the time taken also increases.
- There needs to be better process in place to share an capture information around applications, which will speed up the problem management process.

Key: 1 Initial 2 Repeatable 3 Defined 4 Managed 5 Optimising

Performance overview ▶ IT Service Maturity

The change management process is an end to end process for services provided by DiData as well as services that are managed by the customer IT support teams. Based on our assessment and the interviews with both teams ITNewcom would give the service rating of 2.

Change Management



Key: 1 Initial 2 Repeatable 3 Defined 4 Managed 5 Optimising

Findings / Insights

- Change management processes exist.
- There seems to be a lack of integration between Changes and CI's which makes it difficult to report on the number of changes by CI.
- The process is semi-automated.
- Some of the process as well as the CAB meetings are run via an excel spreadsheet.
- There is no process to capture the lessons learnt from failed changes.
- The KPI's and reporting around Change Management need to be reviewed. All Change Management reporting is manually done.
- Internal training for DiData staff around the types of change and the change process is required.

Performance overview ▶ Change Management Analysis

Summary of the Change Management data based on changes over the last six months. At face value the data shows a fairly immature change management process.

Change Management

Outcome	Number	Percentage
	6	2%
Change Partially Successful	9	3%
Change Rollback	8	2%
Change Successful	243	71%
Change Unauthorized	1	0%
Change Unsuccessful	12	4%
Change Withdrawn	41	12%
No remediation	11	3%
Remediation	10	3%
Grand Total	341	100%

Change Type not Classified

Type	Number	Percentage
	7	2%
Emergency	35	10%
Normal	184	54%
Standard	84	25%
Urgent	31	9%
Grand Total	341	100%

Type	Number
	6
Normal	1
Standard	5
Change Partially Successful	9
Emergency	1
Normal	7
Urgent	1
Change Rollback	8
Emergency	2
Normal	4
Urgent	2
Change Unauthorized	1
Urgent	1
Change Unsuccessful	12
Normal	8
Standard	2
Urgent	2
Change Withdrawn	41
	5
Emergency	7
Normal	24
Standard	3
Urgent	2
No remediation	11
	2
Emergency	2
Normal	1
Standard	6
Remediation	10
Emergency	2
Normal	4
Standard	4
Grand Total	98

Findings / Insights

- The number of successful changes over a six months period seems low at 71%, this highlights some underlying issues with the process.
- The number of "Urgent" changes are high at 9%, however it should also be noted some of the changes that are logged as "Normal" are submitted outside weekly cut off time and hence these too should be classified as Urgent.
- "Standard" changes are pre-approved changes, based on the analysis there are a number of these changes that have been closed with the status "No remediation", "Change Withdrawn" or "Change Unsuccessful". Based on these change failures a review on the pre approved changes should be conducted.
- There is no reporting that tracks unsuccessful changes by CI type and hence this does not support the problem management process.

Recommendations ▶ People

People are key to improving the Service Delivery. By focusing on people the SSO and DiData will ensure that the customer experience is consistent and reliable. The findings of the assessment showed that Dimension Data have a number of capable resources but these resources are stretched, the high staff turnover has also led to a degradation with the customer experience.

Focus Area: People

1.1	Ensure all new staff have a comprehensive induction, which includes an induction of customer sites.
1.2	Review of the operating model and ensure roles and responsibilities are clearly defined. Ensure staff (SSO and Dimension Data) have a good understanding of the services being provided.
1.3	Dimension Data to ensure that all service towers are resourced appropriately.
1.4	Improved engagement with DiData and the SSO team. The Dimension Data and SSO team need to work together in areas like problem management, which will ensure a better outcome for the customer.
1.5	Communication needs to be improved (internal Dimension Data and SSO), trust needs to be restored to ensure a true partnership can be developed which will result in a better customer experience.
1.6	Service re baselined, roles and responsibilities for SSO and Dimension Data need to be reviewed and updated.

Recommendations ▶ Process

Dimension Data has well-defined generic processes, adapting these where required to the SSO account will enable a better outcome. All changes to processes will require the participation of both Dimension Data and SSO teams.

Focus Area: Process

- **2.1** Joint review of processes. Processes need to be reviewed and adapted to the SSO operating environment
- **2.2** Procedures and knowledge base articles that support the processes are reviewed and where gaps are identified a plan is put in place to address these gaps.
- **2.3** Setup exception reporting to report on process failures and lack of process adherence.
- **2.4** Staff training. Ensure all staff who are allocated to the SSO account have the appropriate induction and are aware of the processes that support the service delivery.
- **2.5** PIR's conducted and lessons learned captured, communicated to the wider support team & reviewed regularly.

Recommendations ▶ Technology

Use of technology as an enabler will lead to an overall improvement in the customer experience.

Automation will reduce the number of manual interventions from the IT operations team, thus reducing the overall workload.

Focus Area: Technology

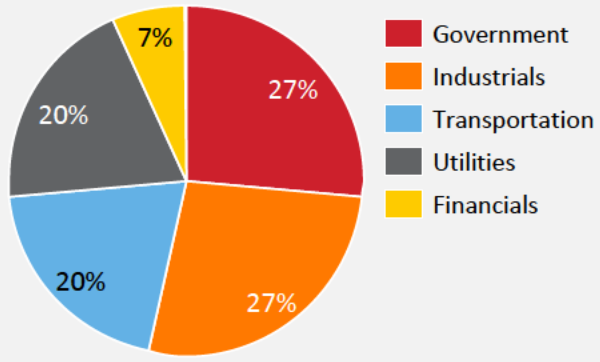
3.1	Review of the current tools. Dimension Data and SSO should develop a roadmap to enable functionality that is currently unused (e.g. CMDB)
3.2	Relaunch of customer self-service to reduce the number of Service Desk calls.
3.3	Process automation.
3.4	Use of the customer portal to improve end user communication and engagement.
3.5	Integration.
3.6	Reporting automation and improved accuracy. Both Dimension Data and SSO to work on defining the reporting requirements.

Introduction ▸ Table of Contents

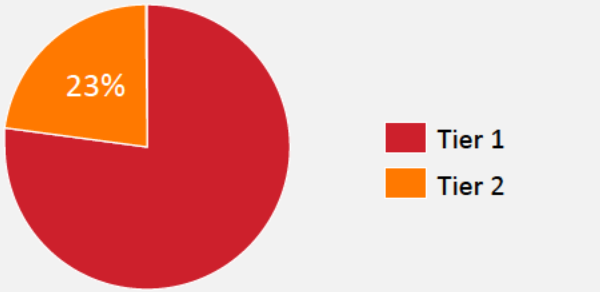
Pricing Insights ▶ Introduction

The Reference Group used to review the charges for the Dimension Data managed services comprises a total of 15 deals and observations, with at least 6 deals and observations for each category of service.

Profile of Customer Industry Sector



Profile of Supplier Tier



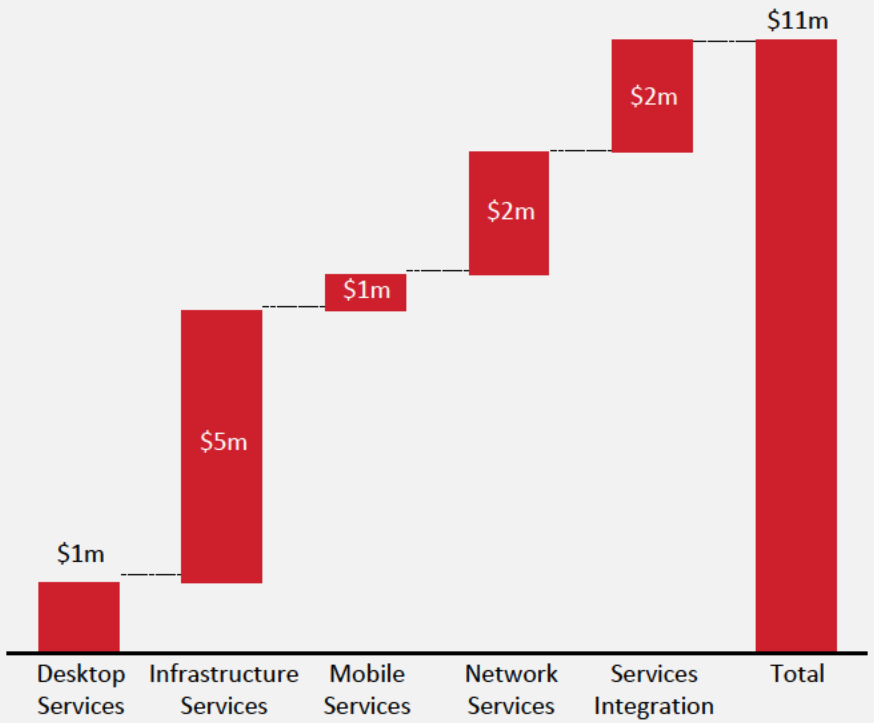
Building the Reference Group, Normalisation and Adjustment

Selecting Members of the Reference Group	▪ When selecting members of the reference group, price reviewers seek to include 6-8 IT environments with similar operational characteristics, including: ▪ Scale of IT environment; ▪ Complexity of IT environment; and ▪ Countries of operation.
Normalisation of reference Group Data	▪ It is accepted that the IT environment of an organisation being compared will never be identical to the IT environments of the reference group and that the price reviewer must consider and normalise for differences between these IT environments. ▪ The normalisation process requires careful comparison of how each difference affects the IT costs of the organisation's environment and the reference group organisations must be normalised to reflect any such differences. ▪ Specific normalisation factors will vary from IT service to IT service, however examples of normalisation factors include differences in: ▪ Volumes; ▪ Scope; ▪ Service Delivery Locations; and ▪ Hardware Refresh Periods.
Adjustment of IT Costs	▪ The IT environments of some organisations include services or characteristics that are unique or significantly different from the peer group organisations and price reviewers should consider and potentially adjust the IT costs of the organisation being compared to reflect these unique or significant differences.

Pricing Insights ▶ Charges by Invoice Category (1 of 3)

In April 2018, Dimension Data charges to the SSO were $0.9m. ITNewcom has annualised the April 2018 invoice to derive an annual charge.

Dimension Data Charges by SSO Invoice Category



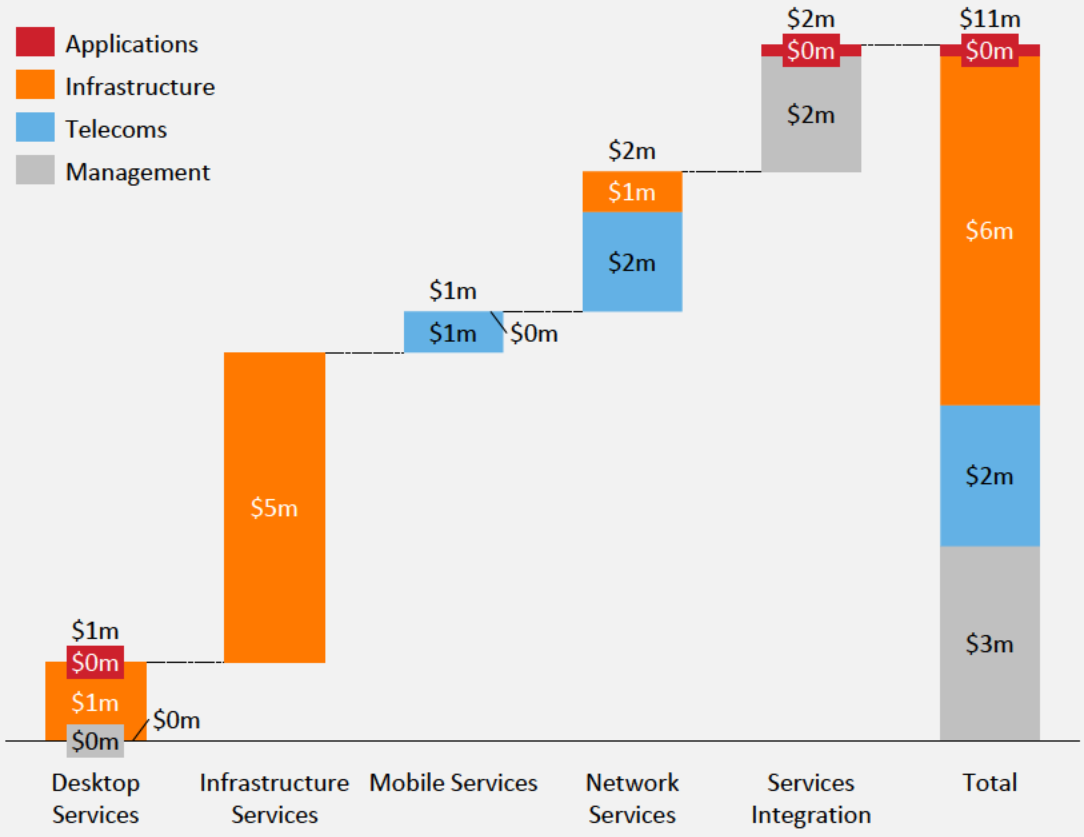
1. All charges are ex-GST.
2. It is noted that, the April Invoice substantiation shows $922k in total. However, only $915k was observed in the drill down analyses.

Service Areas and Elements	
Desktop Services	• 3D Workspace service • Onsite Desktop Support • Desktop Device Provision • Legacy Desktop Provision
Infrastructure Services	• Private IaaS • Public CaaS • Managed Server Operations • DR as a Service • Data Centre Hosting • Infrastructure Application Management
Mobile Services	• Mobile Connectivity Services • Enterprise Mobility s a Service • Mobile Telecom expense Management Services
Network Services	• Internet Services • Managed WAN • Managed LAN • Web and Email Protection Service • Managed Firewall • Hosted Unified Communications • Network Telecoms Expense Management
Services Integration	• Service Operations • Service Governance • ITSM Software as a Service • Activate Self Service • VIP Support

Pricing Insights ▶ Charges by Service Category (2 of 3)

To compare the charges to the benchmark peer group, ITNewcom has allocated Dimension Data's charges to ITNewcom's supply chain definitions. A summary of this allocation is detailed below.

Dimension Data Annualised Charges by Service Group



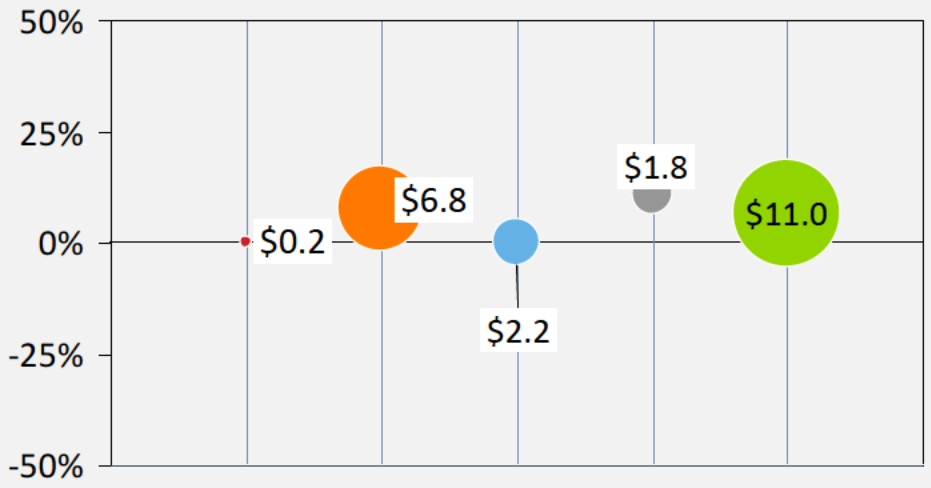
Definitions

Applications	Application charges include charges for the support of applications, these charges reflect the support and minor enhancement activities for all in-scope applications.
Infrastructure	Infrastructure charges include supplying infrastructure for and supporting the server, storage, data centre, end user computing and data network environments.
Telecoms	Telecoms charges include supplying hardware for and supporting the Voice network environment.
Management	Management charges include IT service desk, and IT service management.

Pricing Insights ▶ Charges compared to market (3 of 3)

In a market comparison Dimension Data's charges are higher than the average of the peer group. The key drivers of the above average charges are Infrastructure and Service Management.

Charges Compared to the Market



Area of spend as it related to SSO		Infrastructure systems spend	Infrastructure spend	Networking spend	Service Desk spend	
ITNewcom benchmark category		**Applications**	**Infrastructure**	**Telecoms**	**Management**	**Service Total**
Dimension Data	($m)	$0.2	$6.8	$2.2	$1.8	$11.0
Market Price	($m)	$0.2	$6.3	$2.2	$1.7	$10.3
$ Variance to Market		$0.0	$0.5	$0.0	$0 2	$0.7
% Variance to Market		0%	8%	0%	11%	6%

Chart Interpretation

- The amount for each bubble represents the Dimension Data charge for each service.
- The market price in the table below each bubble is the average of the peer group for each service.
- The position on the Y-axis is the percentage difference between the Dimension Data charge and the market price.

Key Insights

Overall, Dimension Data infrastructure and Management charges are above the average of the peer group. A detailed analysis on the following will help understand the cause

- volumes and complexity of the environment supported by Dimension Data
- the role and responsibility of Dimension Data FTEs in ITSM and Service Desk.

Introduction ▶ Labour Rate Benchmark Overview

ITNewcom matches the description of the role, experience and where relevant, technology focus for each Service Provider project labour rate to ITNewcom's standard IT labour categories and standard labour roles within each category.

ITNewcom Labour Rate Categories

Consulting Roles	Consultants are business and/or technical experts and advise on the design and implementation of major technology initiatives.
Project Management Roles	Project managers are project management specialists and oversee and manage the implementation of technology systems and solutions.
Analysis & Design Roles	Analysts and designers are business and/or technical specialists and advise on the design of technology systems and solutions.
Application Technical Roles	Application staff are technical staff who specialise in building and maintaining application software.
Infrastructure Technical Roles	Infrastructure staff are technical staff who specialise in building and maintaining IT infrastructure and networks.

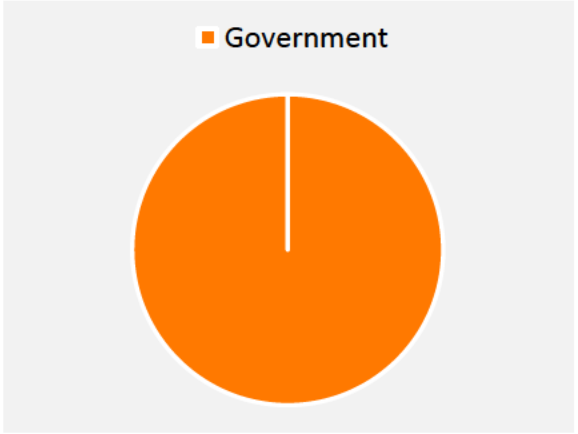
Supporting Comments

- It is important to note that ITNewcom does not assess the actual skills of the resources proposed by a Service Provider for a given labour role, or whether or not the mix of labour roles is appropriate for a project.

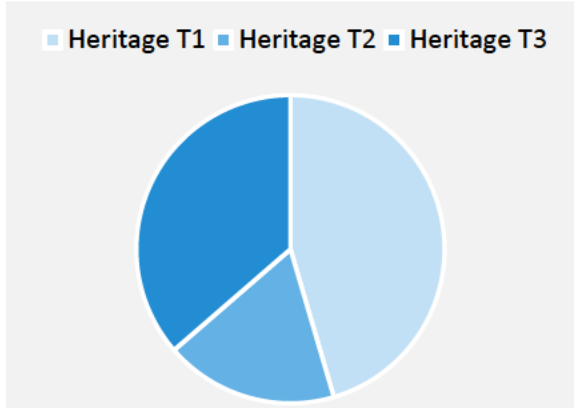
Analysis ► Profile of Benchmark Peer Group

The peer group which consists of all government services comprises a total of eleven (11) observations for onshore rates across three (3) Tier Groups. There are at least five (5) observations for each IT Service Category.

Industry Group



Tier Group



Building the Peer Group, Normalisation and Market Price

Selecting Peers	• When selecting members of the peer group, ITNewcom seeks to include 6 environments with similar operational characteristics, including:
	  • Scale of environment;
	  • Complexity of environment; and
	  • Countries of operation.

Normalisation of Peer Group Data	• It is accepted that the environment of an organisation being benchmarked will never be identical to the environments of the peer group and that the benchmarker must consider and normalise for differences between these environments.
	• The normalisation process requires careful comparison of how each difference affects the costs of the organisation's environment and the peer group organisations must be normalised to reflect any such differences.
	• Specific normalisation factors will vary from service to service, however examples of normalisation factors include differences in:
	  • Volumes;
	  • Scope; and
	  • Service Delivery Locations.

Market Price	• It is generally accepted benchmarking industry practice to regard the average of a comparable peer group as a competitive market price.

Introduction ▶ Labour Rate Definitions (1 of 3)

A summary of ITNewcom's standard IT labour roles within each IT Labour category is set out below.

Labour Category and Role	ITN Code	Experience	Example of Roles / Titles
Consulting Resources			
Executive Consultant	C1	15 + years exec consulting	Executive Consultant, Partner
Principal Consultant	C2	10 - 15 years consulting	Principal Consultant, Director
Senior Consultant	C3	5 - 10 years consulting	Senior Consultant, Senior Advisor
Consultant	C4	1 - 5 years consulting	Consultant, Advisor
Project Management Resources			
Program Manager	PM1	15 + years prog / proj management	Managing large scale programs or large complex projects
Project Director	PM2	10 -15 years project management	Managing projects of 30+ people for more than 12 months
Senior Project Manager	PM3	5 - 10 years project management	Managing projects of 10+ people for more than 6 months
Project Manager	PM4	1 - 5 years project management	Managing projects of 5+ people for more than 3 months
Analysis & Design Resources			
Senior Technical Specialist	ST1	7 - 10 + years specialist tech	Senior Architect, Senior Solutions Designer
Technical Specialist	ST2	3 - 7 years specialist tech	Architect, Solutions Designer, Senior Sys Analyst, Senior Bus Analyst, Senior DBA
Associate Technical Specialist	ST3	1 - 3 years specialist tech	Systems Analyst, Business Analyst, DBA
Application Technical Resources			
Senior Application Technical Staff	AT1	7 - 10 + years tech	Senior Developer, Senior Analyst/Programmer, Senior Software Engineer
Application Technical Staff	AT2	3 - 7 years tech	Developer, Analyst/Programmer, Test Manager, Software Engineer
Associate Application Technical Staff	AT3	1 - 3 years tech	Junior Developer, Associate Programmer, Senior Tester, Associate SW Engineer
Graduate Application Technical Staff	AT4	0 - 1 years tech	Grad Developer, Grad Programmer, Graduate Tester, Graduate SW Engineer
Infrastructure Technical Resources			
Senior Infrastructure Technical Staff	IT1	7 - 10 + years tech	Senior Engineer, Senior Sys Engineer, Senior Infra Engineer, Senior NW Engineer
Infrastructure Technical Staff	IT2	3 - 7 years tech	Engineer, Systems Engineer, Infrastructure Engineer, Network Engineer
Associate Infrastructure Technical Staff	IT3	1 - 3 years tech	Junior Engineer, Junior Tech Engineer, Junior Infra Engineer, Junior NW Engineer
Graduate Infrastructure Technical Staff	IT4	0 - 1 years tech	Graduate Engineer, Graduate Technical Engineer

Introduction ► Labour Role Mapping (2 of 3)

The below table shows the Dimension Data rate card for Consultancy Services. All quoted labour roles have been mapped to ITN Roles based on role titles.

Dimension Data Labour Role	ITN Labour Code	Dimension Data Daily Spot Rate	Experience
Principal Enterprise Architect	ST1		7 - 10 + years specialist tech
Principal Technical Consultant	C1		15 + years executive consulting
Programme Manager	PM1		15 + years program / project management
Senior Technical Consultant	C2		10 - 15 years consulting
Advanced Technical Consultant	C2		10 - 15 years consulting
Project Manager	PM2		10 -15 years project management
Business Analyst	ST3		1 - 3 years specialist tech
Technical Consultant	C3		5 - 10 years consulting
Associate Technical Consultant	C4		1 - 5 years consulting
Project Coordinator	PM4		1 - 5 years project management

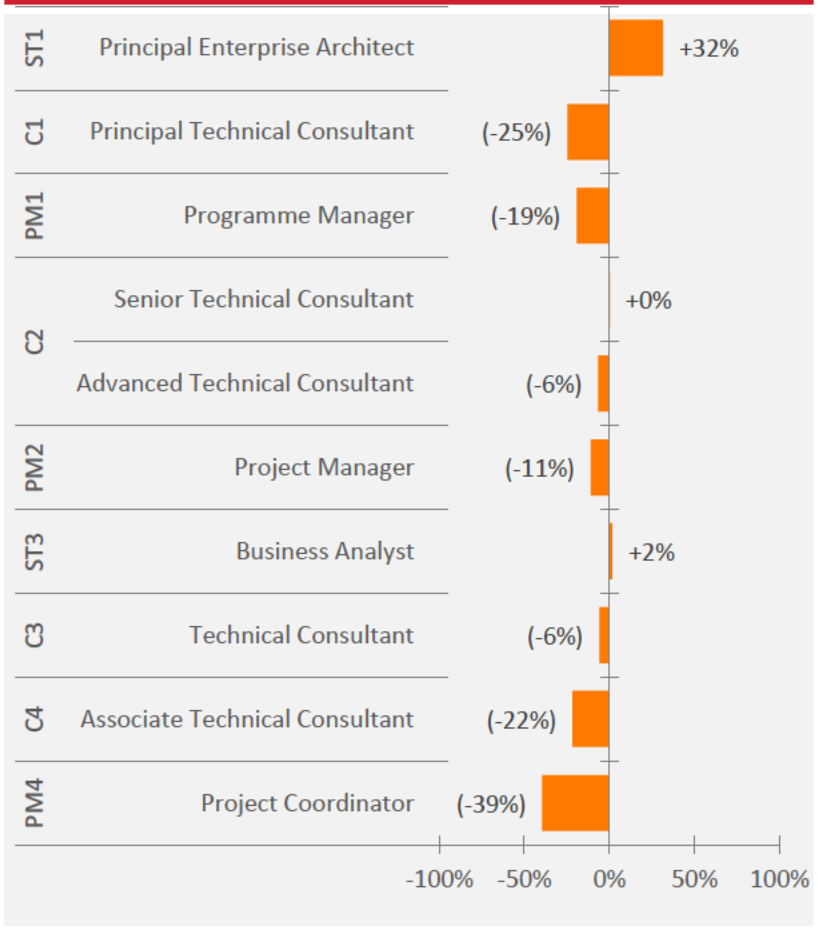
Comments

- The Dimension Data Labour Roles provided by SSO have been mapped to ITN Roles based on role titles provided.
- Daily rates are based on an 8 hour day between 8am and 6pm on Business Days.
- Volume measurement period is from 1 June 2017 – 31 May 2018

Analysis ▶ Labour Rates Comparison (3 of 3)

Overall, Dimension Data rates are 9.4% below market average approximately 15% below average for the resource types most commonly purchased under this agreement.

SSO – Labour Rates



Comments

- Overall, the Dimension Data rates are 9.4% below the market on average.
- The rate for Principal Enterprise Architect is significantly above market average however this resource has not been purchased in the passed year. Project Coordinators rates are highly competitive.
- If resources are utilised for more than 3 months but less than 6 months, a 2% discount on average is applied. If resources are utilised for more than 6 months, a 4% discount on average is applied. This is significantly lower than the market discount for long term resources (+12 months) which on average is 10%.
- SSO spends $860k per year on technical consultants.

Dimension Data Labour Role	ITN Labour Code	Daily Spot Rate	Yearly Volumes (FTE)	Yearly Charges
Principal Enterprise Architect	ST1	[redacted]	-	[redacted]
Principal Technical Consultant	C1		231.13	
Programme Manager	PM1		-	
Senior Technical Consultant	C2		222.13	
Advanced Technical Consultant	C2		21.00	
Project Manager	PM2		280.25	
Business Analyst	ST3		-	
Technical Consultant	C3		230.50	
Associate Technical Consultant	C4		-	
Project Coordinator	PM4		0.31	
		Grand Total	**7,883**	

Note: These rates are for project related work

Introduction ▸ Table of Contents

Market Context ▶ Dimension Data profile (1 of 2)

Globally, Dimension Data have spent the better part of a decade correcting performance. More locally, the NZ division has started a transformation program to address financial performance results.

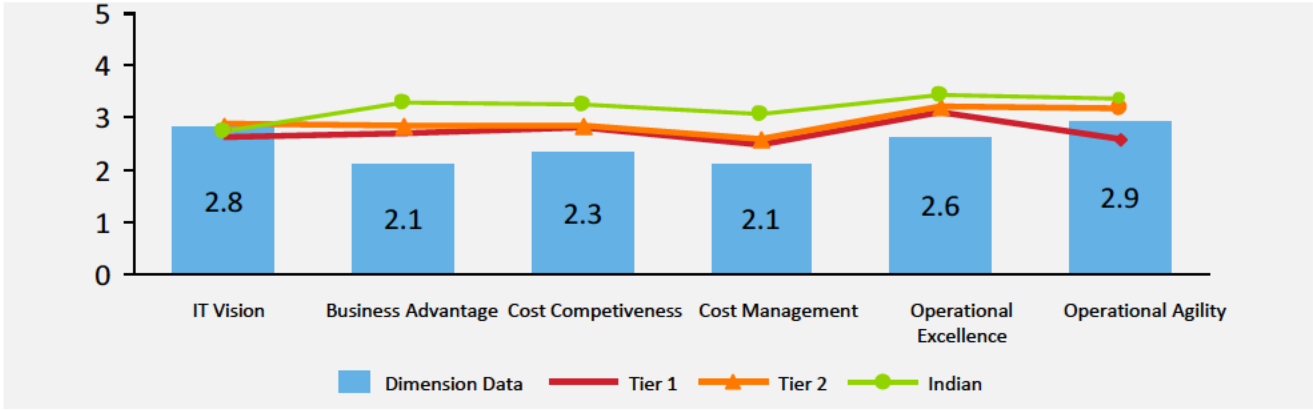
Supplier Context						
Overview:	Dimension Data is a global technology and services company with over 17 subsidiaries in 58 countries. Dimension Data's core ICT activities include strategic consulting, hardware and software supply and maintenance, infrastructure, system integration, IT support and recently telecommunications managed services.					
Services:	Business Process Services	✓	Application Services	✗	Infrastructure Services	✓
	Telecommunication Services	✓	IT Service Desk Services	✓	Cloud Services	✓
Business Details	Revenue goal of $12bn by 2018	Global: $7.4bn (USD)	Australia : $1bn (USD)			
Performance	Dimension Data was purchased by NTT in 2010 and put on notice for poor performance in 2015, with a global revenue then of $7.5bn (USD). A series of cost cutting exercises and staff layoffs prompted changes in senior leadership across the organisation. In 2017 the New Zealand CEO resigned, followed by the resignation of international CEO and the move of the APAC CEO to chairman. Dimension Data's global revenue goal of $12bn USD by 2018 focusses on Data Centre, Managed Services and Cloud Services. The New Zealand business has a market share of approximately $86m* and have seen revenue losses over the past two years. Wayne Yarr was appointed CEO in 2017, during this time the company has moved their service desk to India as part of the transformation program, the service desk for SSO and other key clients has remained in NZ. Further headcount reductions were announced early in 2018. ITNewcom's market share and satisfaction survey from 2017 reveals a low level of satisfaction from customers, with particularly low satisfaction scores for the IT Service Management category and cost management and operational agility capabilities.					
SSO context	With an annual spend of approximately $12m (NZD) – the SSO business accounts for 16%* of Dimensions Data's total revenue.					

*revenue not confirmed

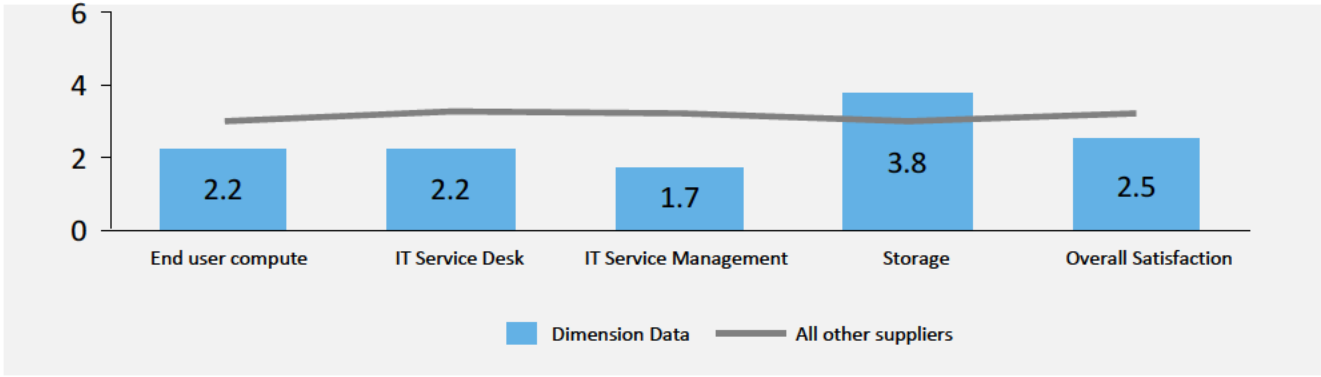
Market Context ▶ Market Performance

When comparing market satisfaction for Dimension Data other suppliers, the results are consistent with this review, showing below average satisfaction for Service and cost Management and above average for storage

Management element satisfaction



Service tower performance satisfaction



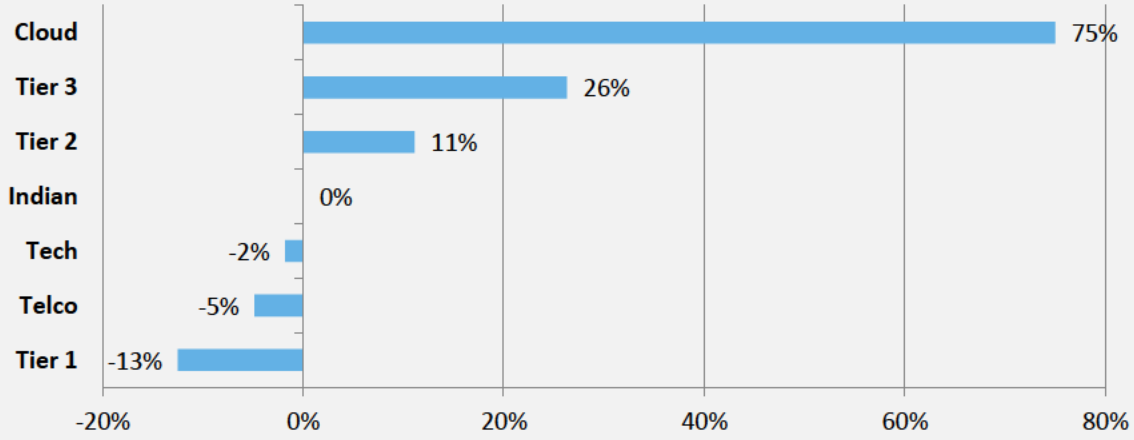
Key interview take-outs

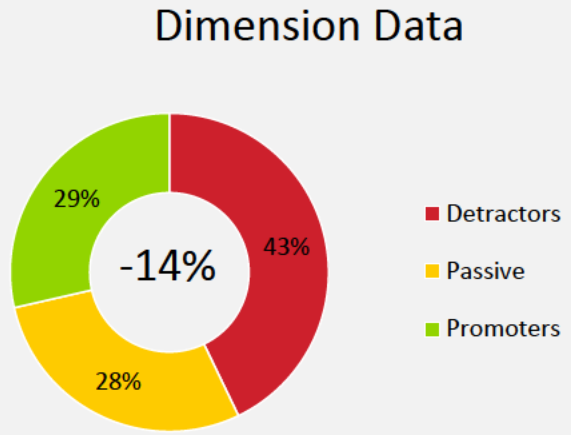
- Business Advantage, Cost Competiveness, Cost Management and Operational Excellence represent the areas with most opportunity for improvement and generally reflects a lack of satisfaction in the commercial management of accounts from Dimension Data, which may be to the detriment of profitability.
- Dimension Data achieves its best performance relative to peers for IT Vision based primarily on a reasonably sophisticated sales and marketing approach. The operational realities of execution however are a material driver of existing client dissatisfaction.
- When reviewing service tower performance, Dimension Data performed below their peers in IT Service Management and well above their peers in storage.

Market Context ▶ Market Performance

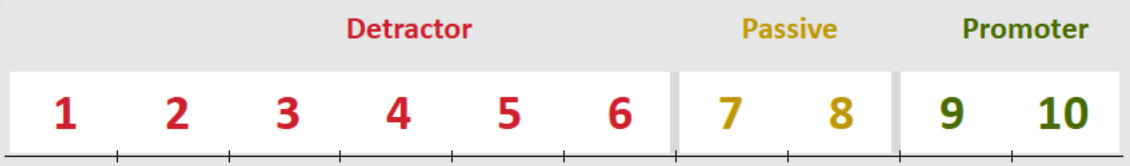
Dimension Data has an NPS(1) of -14%, which is similar to Tier 1 suppliers who deliver large scale broad service portfolio's – however is lowest of the scores, consistent with the management satisfaction scores

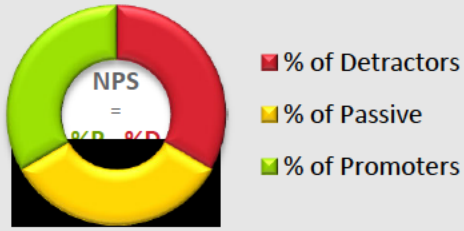
Net Promoter Score – Market Comparison





Source: ITNewcom Market Databases





The NPS(1) is calculated using the satisfaction management services results – from these scores the percentage of promoters (P), and subtracting the percentage of detractors (D) to get a single score.

(1) Net Promoter Score and NPS are trademarks of Satmetrix Systems, Inc., Bain & Company, Inc., and Fred Reichheld.

Market Context ▶ Market Performance

A recent Gartner report indicates the infrastructure services market (and more specifically could services) is growing, competitive and a key focus for large IT services companies, including Dimension Data

Gartner (February 2015) Summary of IT Infrastructure Services

APAC Service Providers / ITO and Infrastructure Service Offerings Overview	Service Management	Service Desk	Desktop/LAN	Data Center and Enterprise Server Management	Infrastructure Consulting Services	Managed Print Services	Managed Security	DRP/Business Continuity	Remote Infrastructure Monitoring and Support	Managed Network Services: Data Communications/WAN	Voice/Telephony/UC	Application Management (Custom)	Application Management (Commercial/Package)	Infrastructure Utility/VPC	Data Center Hosting	Virtual Desktop/DaaS	Public IaaS	Cloud Computing Consulting and Implementation Services
	Common		Infrastructure							Network		Application Management		Cloud and Industrialized Services				
Large APAC market share (>5%)																		
IBM	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Samsung SDS	●	●	●	●	●	●	②	●	●	●	●	●	●	●	●	●		
Midsize APAC market share (1.7-3.5%)																		
Fujitsu	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
HP	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
NCS (subsidiary of SingTel)	●	●	●	●	●		●	●		●	●	●	●		●		●	●
Tata Consultancy Services (TCS)	●	●	●	●	●		●	②	●	✥	✥	●	●		●	●		●
Small APAC market share (0.5-1.5%)																		
Atos	●	●	●	●	●	②	●	●	●	●	●	●	●	●	●	✥	✥	●
CSC	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Dimension Data	●	●	②	②	●		●	●	●	●	●	✝	✥	●	●	●	●	●
HCL	●	●	●	●	●	●	●	✥	●	●	✥	●	●	●	●	②	✝	●
NEC	●	●	●	●	●		●	●	②	●	●	●	●	②	②	②	②	●
Tech Mahindra	●	●	●	●	●		●	●	●	●	●	●	●	②	●	●	✥	●
Unisys	●	●	●	●	●		●	●	●	●	②	●	●		✥	●		②
Wipro	●	●	●	●	●	●	●	✥	●	●	✥	●	●	●	✥	●	②	⊗

Legend: ● Primary ② Secondary ✥ Partner "Blank" Do not offer

Key Insights

- The Asia/Pacific infrastructure services market is growing and is quite competitive.
- Infrastructure as a Service (IaaS) is one of the strongest levers for growth and expansion.
- In Asia/Pacific, the IT services markets are at different stages of maturity, with outsourcing contracts ranging from first-generation deals in China and the Philippines, to second-generation deals in India and third-generation deals in Australia, Singapore and New Zealand.
- Dimension Data reportedly has second generation infrastructure services, mature ITIL operating architecture and a global managed service framework
- There are additional vendors in New Zealand to consider that were not included in the report

Introduction ▸ Table of Contents

Recommendation ▶ Executive summary of key findings

In it's current form, the relationship is unlikely to deliver to either organisations objectives. Primarily due to service failures in the service integration tower impacting over-all delivery and perception

Contract Analysis	▪ Together with specific MSA terms, disaggregated Service Schedules and nature of the obligation descriptions, the agreement is not optimal and introduces an element of risk of service failure for customers and reputational damage for Dimension Data and the SSO
Performance Overview	▪ While underlying technology is acceptable, service management and customer delivery is poor ▪ For the few SLA's that are reported, target was only met 69% of the time in the last 6 months ▪ High turnover in staff and inconsistent application of internal process
Commercial Insights	▪ Dimensions Data's core service offering in Infrastructure is an estimated 8% above market average, and Service management 11% above average (driven by ticket volumes) ▪ Labour rates for the resources commonly consumed under this agreement are well below market average.
Market context	▪ Dimension Data NZ posted financial losses for the past two years and received poor customer satisfaction scores in a 2017 ITNewcom survey, particularly in the area of service management. ▪ As part of a transformation program there has been significant disruption with staff losses and changes to service delivery. The value of this program needs to be defined for DD customers.

Recommendations ▶ Key findings

The findings in this report have been summarised by issues type. The issues having the most impact are the obligation descriptions, governance framework, SLA structure, resourcing and application of processes

ID	Area	Issue Summary	
CA1	Contract analysis	Structure – tiered documents, disaggregated scope, and terms precedence, definitions distributed across many documents	◔
CA2		Ambiguity - high level obligation descriptions, task (vs outcome) focussed and lack of detailed delivery expectations	●
CA3		Risk - change notifications, scope qualifications and gaps (become SSO responsibility), testing process and DR	◑
CA4		Performance measures – SLA exclusions, (consider) credits, definitions and alignment to best practice	●
PO1	Performance overview	Governance – insufficient SLA tracking, failures persist, reporting not audience specific, meetings ineffective	●
PO2		Capability – underperformance against SLA's and maturity assessment indicate lack of localising global DD frameworks	●
PO3		Credibility – Error prone performance reports and invoices, slow progress on SIP, SLT failure to deliver on commitments	◕
PO4		Knowledge – unusually high staff turnover, failure to follow processes and anecdotal feedback of knowledge being lost	◑
PO5		Resourcing – high turn over, under resourced teams for some services	●
PO6		Technology - lack of automation and number of manual steps in processes and reporting	◕
CI1	Commercial insights	Reducing spend – Deep dive core infrastructure and Service Management fees and volumes (8% & 11% higher than market)	◑
CI2		Skilled resources – Low scores on quality of support satisfaction may be explained by lower than market average rates	◔
CI3		Pricing – overly complex structure, not well aligned to resource units and definitions, difficult to administer	◔
MC1	Market context	SLA Market alignment – Dimension Data's service level performance and reporting fall below market average	◔
MC2		NZ Transformation - DD has global expertise in all service towers including service management	◑
MC3		Customer Satisfaction - market results are consistent with this review, particularly relating to service management	◑
MC4		Competitive market – the infrastructure market is growing, competitive and becoming more mature over time	◔

● High Impact ◕ Moderate Impact ◑ Medium Impact ◔ Low Impact

Recommendations ▶ Relationship impact

Addressing the issues in this report will allow the SSO to grow the number of participating agencies by ensuring a reliable shared infrastructure that is scalable, cost effective and adds strategic value.

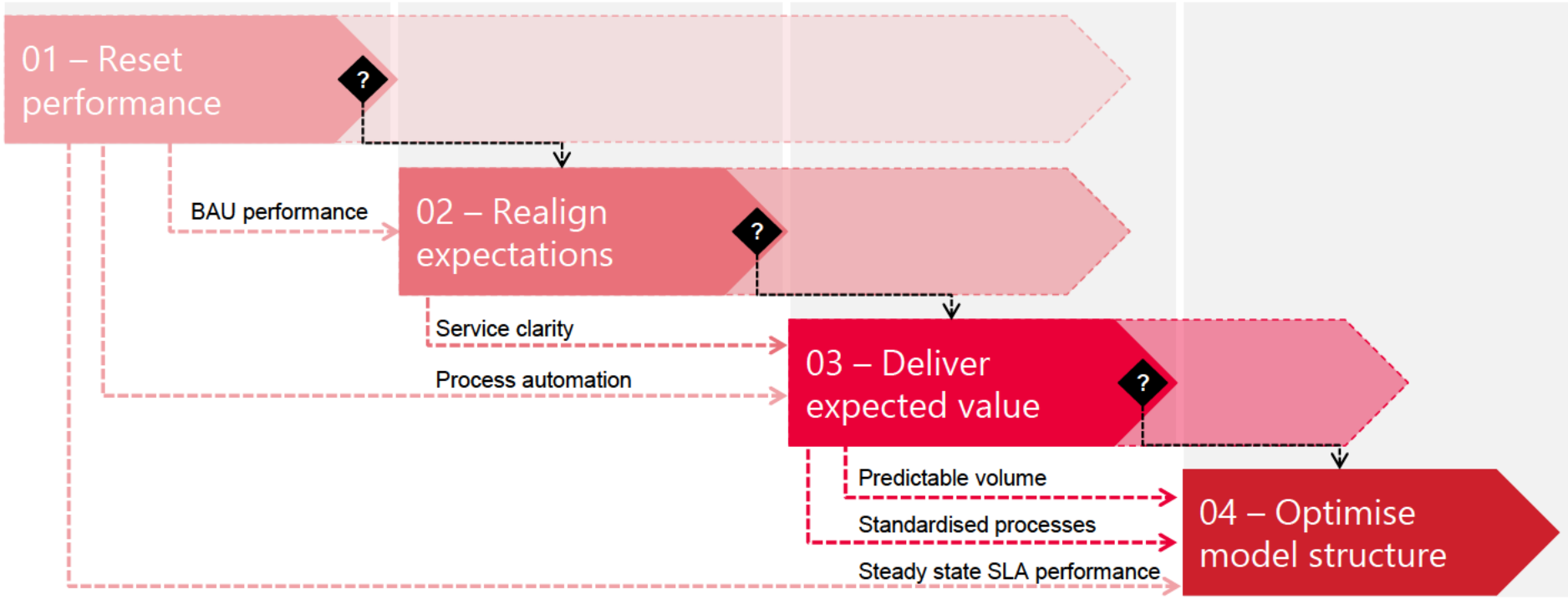
SSO vision	Allowing Local councils to focus funds and resources on changing customer needs and enabling quality community outcomes.					
Business Outcomes	**Capability**	**Resilience**	**Reliability**	**Agility**	**Value**	**Innovation**
Benefits	Retained independence, ownership and influence	Increased resilience of council service provision	Increased efficiency of services delivered to the community	Increased efficiency of IT procurement	Increased customer satisfaction with services delivered	Improved response to changing business needs for technology enabled services
Supplier Alignment	• Fit for purpose equipment and software • Performance monitoring • Secure and robust operational environment		• Proven exceptional BAU service delivery • Embedded service management processes • Appropriately skilled resources		• Proven culture of Continuous improvement • Pricing aligned to market and requirements • Effective governance model supporting SSO	
Contract analysis	◑ CA3 - Risk		● CA2 - Ambiguity ● CA4 - Performance		◔ CA1 - Structure	
Performance overview	● PO2 – Capability ● PO5 – Resourcing		◕ PO3 – Credibility ◑ PO4 – Knowledge		● PO1 – Governance ● PO6 – Technology	
Commercial Insights			◔ CI2 - Skilled resources		◑ CI1 – Reducing spend ◔ CI3 – Pricing	
Market context	◑ MC3 – Customer Satisfaction		◔ MC1 – SLA Market Alignment		◑ MC2 – NZ transformation ◔ MC4 – Competitive market	

● High Impact ◕ Moderate Impact ◑ Medium Impact ◔ Low Impact

Recommendations ▶ Conclusions

The evidence suggests that the SSO model is correct and that by addressing the key findings of this report, in a staged program across 12 months, Dimension Data could support it's successful delivery.

Performance overview	Contract analysis	Pricing insights	Market context
Remediation options still exist Holistic supplier relationship management framework (SSO) and operational improvements (DD)	**Workable, needs to be realigned** Review SLAs and delivery schedules to remove risk and provide clarity of expectations	**There is still value to be realised** Deep dive spend & usage (SSO), automate operational, simplify invoicing processes (DD)	**Everyone has skin in the game** Right size services and delivery structure informed by market (SSO) and performance (DD)



ITNewcom
MinterEllison Technology Consulting

Recommendations ▶ Next steps

There is value to both organisations of prioritising performance remediation and evaluating scope inline with capability. All future plans (SIP's, Governance and Roadmaps) should be contingent on achievement of agreed performance measures, to the SSO's satisfaction with non-performance consequences well defined.

	Steps	Possible approach to address identified issues
O1	**Re-set the relationship**	• (PO1) Rest base line, align performance reporting to SLA's and invoicing to services • (PO1, PO3) Establish new governance model, supplier management framework & RACI matrix • (PO1) Remediation plan with defined acceptance criteria and consequence of non-performance • (PO5) Commit resources required for SIP delivery and sustainable performance to SLA's
O2	**Re-align expectations**	• (PO2) Jointly review capability fit with requirements of ongoing services • (CI2, PO5) Review teams skill set (& training for customer team) to ensure fit for purpose • (CA4, MC1) Once SLA base line performance established, review SLA & align to best practice • (CA2, CA3, CI3) Review schedules (starting with Service Integration) and address areas highlighted to remove risk & provide clarity for the supplier and customer
O3	**Value delivery**	• (MC2) Roadmap / vision for DD/SSO relationship developed & evidenced by capability • (CI1, PO6) Value program, deep dive identified above average spends, leverage automation • (PO4) Dimension Data review knowledge base, SSO facilitate workshops to fill gaps • (MC3, MC4) SSO Review operating and service model to optimise the customers experience
O4	**Optimised structure**	• (MC1, PO1, MC3, MC4) Conduct a market scan and review service delivery structure for all service towers prior to renewal of services • (CA1, CA3) Prior to renewal (or earlier), review the MSA structure and address key terms

Recommendations ▶ Actions

Stage one activities to be addressed to the satisfaction of SSO and it's customers, after which a decision can be made on the nature of DiData's involvement in optimising the structure (partnering SI or supplier).

Performance overview	Contract analysis	Pricing insights	Market context
Remediation options still exist Holistic supplier relationship management framework (SSO) and operational improvements (DD)	**Workable, needs to be realigned** Review SLAs and delivery schedules to remove risk and provide clarity of expectations	**There is still value to be realised** Deep dive spend & usage (SSO), automate operational, simplify invoicing processes (DD)	**Everyone has skin in the game** Right size services and delivery structure informed by market (SSO) and performance (DD)

01 – Reset performance ?

- (PO1) Rest base line, align performance reporting to SLA's and invoicing to services
- (PO1, PO3) Establish new governance model, supplier management framework & RACI matrix
- (PO1) Remediation plan with defined acceptance criteria and consequence of non-performance
- (PO5) Commit resources required for SIP delivery and sustainable performance to SLA's

Activity	Responsible	By when	Approve
1 **Workshop high level plan,** set up project team & steering group, agree how progress is reported	SSO & DiData	August 18	DiData, SSO & customer CEO's
2 **Define acceptance criteria** and timing of phase 1, agree what happens if we don't achieve it	SSO & DiData	August 18	Customer CEO's
3 **Align performance reporting** to contract framework (Exec, Management and Operational levels)	DiData	December 18	SSO
4 **Supplier management framework** (Include RACI and tiered governance model)	SSO	September 18	SSO & DD
5 **Remediation plan**, endorsed by SSO, with committed resources and tools	DiData	September 18	Customer CEO's

Introduction ▸ Table of Contents

ITNewcom

MinterEllison Technology Consulting

AUCKLAND
Level 17, 55 Shortland Street,
Auckland City, Auckland 1011
NEW ZEALAND
Phone: +64 (0)9 360 2105

BRISBANE
Riparian Plaza
L36, 71 Eagles Street
Brisbane QLD 4000
Phone: +61 (0)73121 3146
Fax: +61 (0)7 3121 3030

CANBERRA
23 Brindabella Circuit
Brindabella Business Park ACT 2609
Phone: +61 (0)2 6230 1061
Fax: +61 (0)2 8904 7788

MELBOURNE
L27, 101 Collins Street
Melbourne VIC 3000
Phone: +61 (0)3 9653 9278
Fax: +61 (0)3 9653 9307

PERTH
45 Ventnor Avenue
West Perth WA 6005
Phone: +61 (0)8 9389 4433
Fax: +61 (0)8 9389 4400

SINGAPORE
Marina Bay Financial Centre
Level 39, Tower 2
10 Marina Boulevard
SINGAPORE 18983

SYDNEY
L6, 99 Walker St
North Sydney NSW 2060
Phone: +61 (0)2 8904 7777
Fax: +61 (0)2 8904 7788

www.itnewcom.com