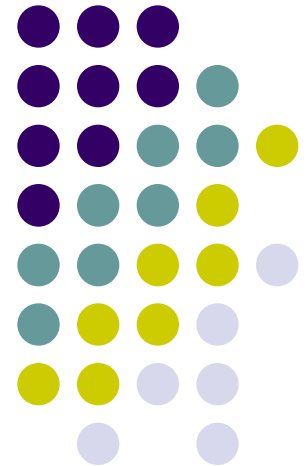# Delivering Services to Global Customers

The IBM Argentina
Global Delivery Center

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Providing Services to Customers: IBM Argentina History

- **1923 - 1960's**
  - IBM imports and leases equipment to Customers
  - Services are included (mostly without cost):
    - Maintenance
    - Education
- **1960's – 1980's**
  - IBM sells equipment to Customers
  - IBM manufactures printers and tape units in Argentina for sale in Asia and Latin America
  - Services are being sold to Customers in Argentina
- **1990's**
  - IBM no longer focuses exclusively on hardware
  - IBM Argentina is the Regional Headquarters for Spanish South America
  - Services now have their own entity:
    - Software development & maintenance for local Customers
    - Datacenter outsourcing services provided to local and Latin American Customers
    - Software development for IBM facilities outside of Argentina
    - Y2K fixes and software development for Customers in the US
- **2000's**
  - Significant growth in Services
    - Software development & maintenance for Global Customers
    - Infrastructure maintenance for Global Customers
   - Business Process delivery to Global Customers

Remote IT Infrastructure Maintenance Services Provisioning to Global Customers
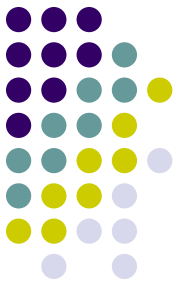
Scope

- Resolving defects and implementing changes to basic entities that interface between the IT equipment (hardware) and the applications (programs) that support the Customer's business processes.
  - Operating systems (Windows, UNIX, zOS, etc.)
  - Databases (Oracle, SQL, etc.) and Data Storage equipment
  - eMail systems (Lotus Notes, MS Exchange, etc.)
  - Middleware applications
- Performing routine Administrative Services
  - Backup of data and applications
  - Managing IT security
  - Managing assets: hardware & software licenses inventories
  - Monitoring the status of equipment
- Responding to incidents
  - Equipment failure, software bugs
  - Security breaches (virus, hackers)
- Providing custom services
  - Managing projects remotely by engaging resources from different geographies
  - Packaging software for automatic deployment

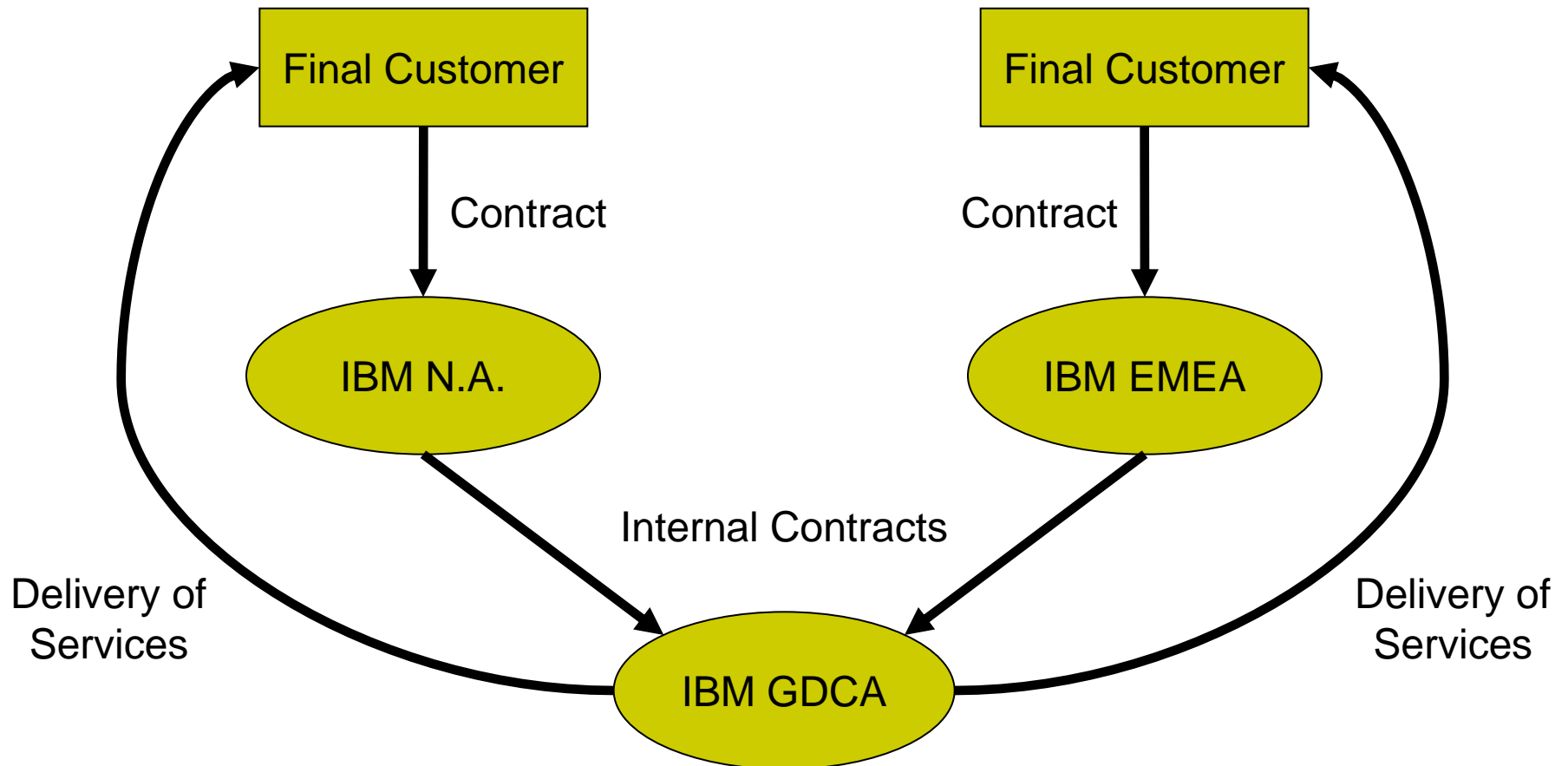# Remote IT Infrastructure Maintenance Services Provisioning to Global Customers
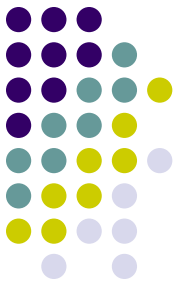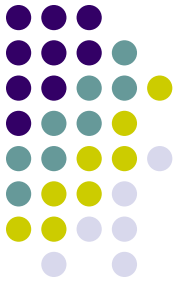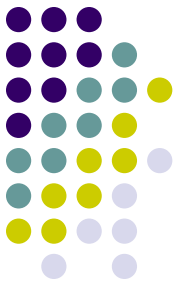
Determining factors:

- Low cost of communications after the year 2000 Internet boom
- Low cost of labor in Argentina after the 2001 economic meltdown
- Significant experienced labor pool available
- High quality public and private educational institutions
- English language known by most of the university-educated community
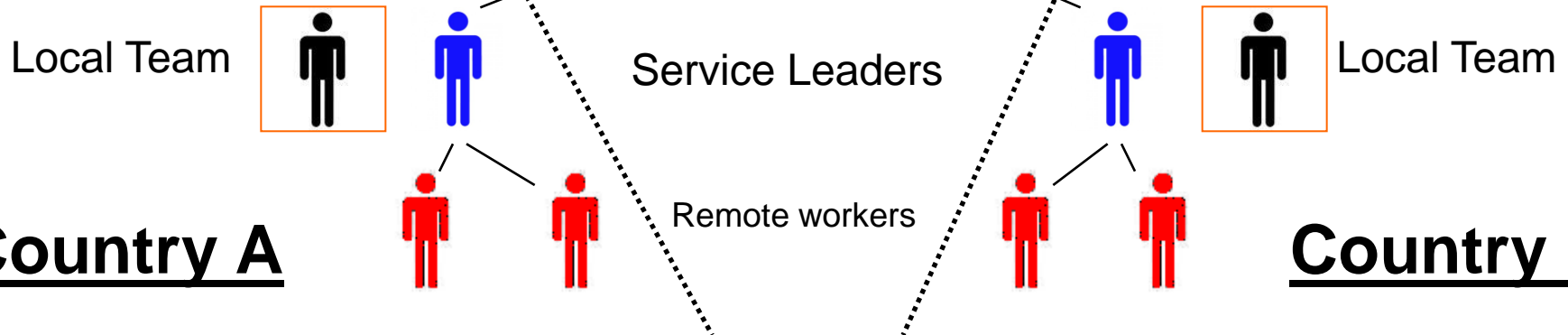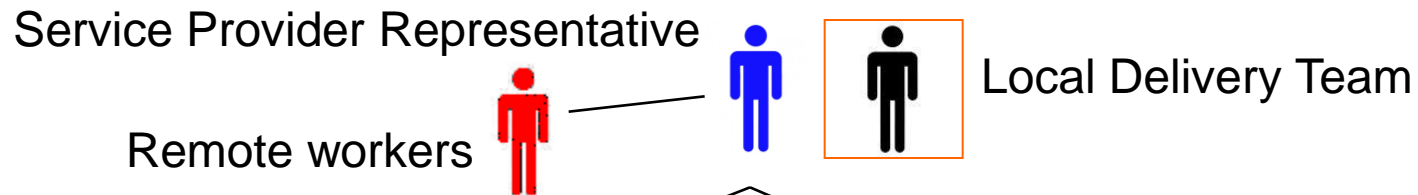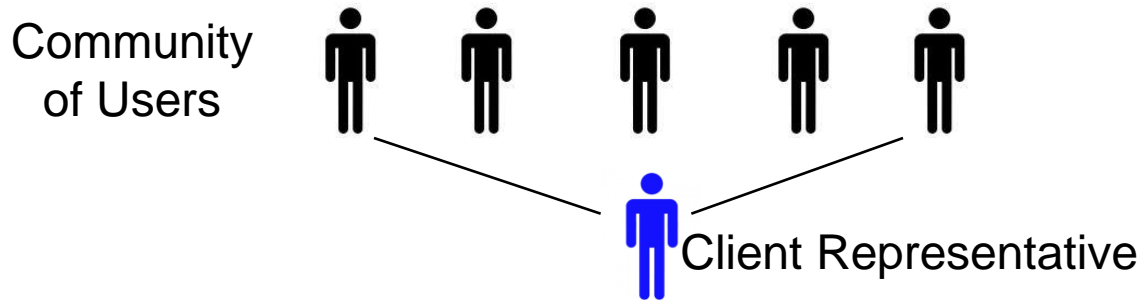
Supporting factors:

- Cultural proximity to the western civilizations
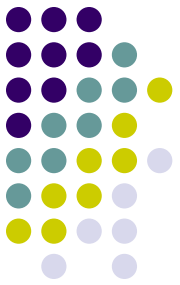- Similar time-zones to the US and Europe

Services Model

Relationships between stakeholders

Community of Users

Client Representative

Service Provider Representative

Remote workers

Local Delivery Team

Local Team

Service Leaders

Local Team

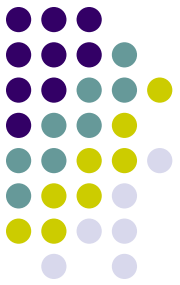Remote workers

Country A

Country B

Characteristics of Remote IT Infrastructure Maintenance Services

Incident resolution requires real-time communication with final Customer or end User

- Constrained communication: A significant portion of the communication takes place by phone only. Most of the time the Customer doesn't get to know who provides the service.
- Native-language differences come into play: vocabulary, jargon, choice of words, etc.
- Cultural differences take on a significant role: who talks first, who interrupts who, what can and can't be said
- Perceptions and bias affect the relationship between the individuals involved
  - How I see myself / what is my role
  - How I see the other party / what is their role
  - What I think that the other party thinks about me

GDCA Evolution

Phases:

- 2003 – 2004: Feasibility validation
- 2005 – 2006: Foundation & rapid growth
- 2007 – 2008: Standardization & rapid growth
- 2009 on: Global integration & growth
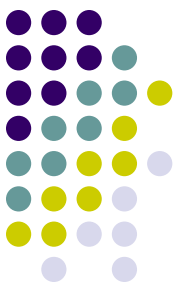
2003 – 2004: Feasibility validation

**First project was a very small USA Mainframe account (6 FTEs)**

- No prior experience in Argentina, except in Software development where real-time communication was not an issue
- No experience in knowledge transfer
  - Sent a team of 2 persons for 8 weeks to see "what they can get".
  - Overall reception by sending delivery team was good as the personnel was offered positions in other accounts
  - 1 month "shadowing" period uncovers difficulties in batch operations but zero opportunities to test knowledge of the rest of the support team
- Sending Geography leader tries to apply management techniques used in USA
  - Technology is immature (personnel doesn't have home ADSL)
  - Finding people is hard as pagers don't work reliably
  - Language is a serious issue
- Delivery teams very uncomfortable
  - Language is a problem
  - Style of Sending Geography leader is perceived as rude
- Local Delivery leader struggles in bridging communications gaps and distrust

2003 – 2004: Feasibility validation

After 6 months...

- Roles start to be defined:
  - Sending geography leader accepts that the Receiving geography leader understands better how to engage the Argentina delivery team.
  - Receiving geography leader is perceived as having a similar role to the Sending geography leader.
- Language skills improve through practice.
- Other parties in the US (system analysts, programmers) start to accept and trust the Argentina Delivery team.
- Off shoring concept still difficult to accept by vendors that need to be engaged in support of the account.
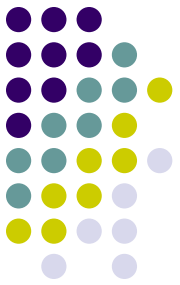
2003 – 2004: Feasibility validation

By mid 2004 a larger account (42 FTEs) is slated for moving some services to Argentina, other services to be delivered from Brazil and India

- Different technologies required a change in approach:
  - Larger team was sent on-site for knowledge gathering
  - Quality of the documentation was an issue
  - Some roles had in-scope work that did not correspond to the name of the role, requiring redefinition of work that stays in the USA
  - New communications processes had to be designed as the interacting teams are now split across multiple geographies
  - Processes had to be redesigned to take into consideration that inter-related roles are now in different geographies
  - On-site resources (hands & eyes) had to be engaged, creating an additional communications challenge (technical and human)
- Having a high-quality document specifying the scope of the services resulted crucial
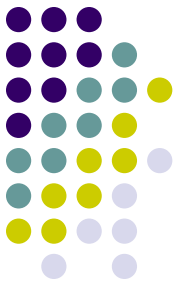
2005 – 2006: Foundation & rapid growth

- In January 2005 the Global Delivery Center Argentina organization is created to focus on Customers outside of Latin America
- In May IBM Spain starts sending work to Argentina. A different delivery model is used:
  - Multiple Customers are attended by the same staff
  - Responsibility is split between Spain and Argentina
 - Leadership role to be provided by Spain

2005 – 2006: Foundation & rapid growth

- Multiple difficulties arise as the cultural differences with Spain are larger that initially thought.

- Remote leadership model was not very effective

- Local leadership roles had to be instituted, with representatives from Spain and IBM Europe on-site
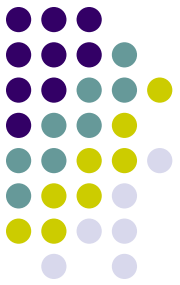
2005 – 2006: Foundation & rapid growth

- Rapid growth leads to the release of resources in the USA
  - Knowledge transfer process affected as existing resources started to move to other accounts or leave the company before the process is completed
  - Tacit knowledge acquisition & documentation is identified as fundamental to the success of the transfer of work
- Transfer of work from the Final Customer to IBM GDC Argentina starts
  - Additional challenge as the Customer processes and tools are different than those that have been transformed by local IBM teams
  - HR Retention policies applied by the Customer are important to assure adequate knowledge transfer
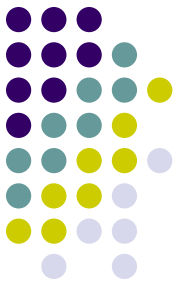
2005 – 2006: Foundation & rapid growth

- Qualified human resources are abundant in the market, but in diminishing amount
  - Collaborative programs with local universities established
  - Soft skills education programs established in the GDC
- A unified organizational approach to processes is deemed as necessary:
  - ISO 9000 is taken as the guiding standard
  - eSCM-SP, developed by Carneghie-Mellon University is taken as an excellence standard and adopted by the organization
  - Both standards are certified by end of 2006

2007 – 2008: Standardization & rapid growth

- By 2007 IBM Corporate consolidates the criteria used to manage the transfer of work to the multiple locations servicing Global Customers
  - Strict guidelines are established for approval of transfer of work by the stakeholders involved
  - Service models are created to ensure clear understanding of responsibilities of all parties
  - Audit criteria established and implemented
- Lower availability of experienced human resources in the labor market leads the GDC organization to create a strong technical education department
- The Argentina National Quality Award is adopted as an organizational-management guiding principle
  - The GDC competes for the Argentina National Quality Award and obtains a Special Recognition for HR and Knowledge Management in 2008
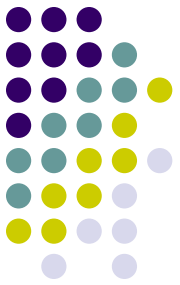
2009 on: Global Integration & growth

- Global Integration of Delivery Processes and tools is deployed. Focus is placed on:
    - Standardization of Delivery Processes
    - Consistent gains in productivity
    - Uniform oversight principles applied globally
- The GDC wins the Argentina National Quality Award in 2009
- The GDC wins the Iberoamerican Quality Award in 2010

Conclusions

- The GDC Argentina case starts with a pioneering approach and evolves as solutions to the different problems that arise are created and optimized through the identification and implementation of best practices.

- Organizational maturity leads to Global Integration as a means to continue evolving through the reduction of cost and improvement of quality.

- Technological changes will surely drive adaptation of processes and organizational culture over the next years.