



Reshaping an IT operating model journey

Deloitte Application Management Services

A telecommunications giant's journey

The challenge

This global, Fortune 15 telecommunications giant provides wireline, wireless, technology, and other services. Every day, millions of consumer and business users rely on the company's innovative solutions, high-performing networks, and ability to deliver personalized customer experiences.

The company had recently hired a new CIO to lead the IT group supporting finance, operations, human resources,

and other core functions. The CIO's vision was to digitize these core processes and transform the IT group into a value and data-driven organization; however, knowing where to begin the journey was key challenge. To start, the IT group didn't have an operating model that allowed for faster innovation. In addition, their complex ecosystem was continuing to expand given they had 13+ suppliers across 50+ individual contracts, which led to increasing costs and complexity without any practical way to gauge supplier performance.

A compressed timeframe

The CIO aimed to optimize the partner ecosystem to enhance accountability and ownership, while ensuring seamless integration with their teams. Deloitte was chosen as the lead collaborator to manage all critical applications with an "Operate to Innovate" approach.

In addition to taking over the applications, our role was also expanded to build a new operating model for the IT group.



The transition from incumbent vendors to Deloitte was initially expected to take three months. But the client, under internal pressure to reduce operating expenses, asked us to compress the timeline. With help from the automated accelerators in our proprietary delivery platform [Deloitte Ascend™](#), we were able to transition most of the applications to Deloitte's enterprise application development and maintenance team within a month.

Prevent, accelerate, and eliminate

In parallel to the transition, we laid the groundwork for the client's planned shift to Agile software development. With its emphasis on user collaboration and rapid releases, Agile could give the IT group more flexibility to respond to business needs while tightening its alignment with customers in the corporate functions. To support the new Agile environment, we proposed a pivot from the project-based delivery model that the IT group had been using to a product-centric model, focused on innovation and speed to market. The client agreed to the pivot and supported the holistic change to their workforce.

To put the new model into operation, we established and staffed a Results Management Office (RMO) that directed all parties' efforts toward common goals in line with the CIO's strategic vision. Under the RMO's purview, application development and maintenance services became a discipline guided by three principles: prevent issues from occurring, accelerate resolution and the move to product, and eliminate problem sources with a permanent fix. Rather than impose these changes on the IT group, we facilitated adoption by working alongside team members to show the value that industry standards, root cause analysis, and innovative problem-solving could help them produce.

Results

By the time we transitioned the last of the applications, the client realized a cost reduction of \$12 million against their

current operating expenses. In addition, thirty-four (34) full-time employees were freed for higher-value work. A framework for organizational change management was in place, as were 24 service level agreements, and scores of delivery squads were up and running.

Now the focus is on an enhanced steady state with ongoing value creation. We're continuing to coach delivery squads while delivering on 35 application projects. Performance measures are being set up. So are improvements such as test automation, ticket reduction, and technical debt reduction, with an eye to optimizing the IT group's overall cost to serve.

Continuous improvement is the key focus going forward. Together with the client, we plan to upskill resources and reposition critical roles. We also aim to refine work prioritization criteria and pursue other efficiencies under the prevent-accelerate-eliminate framework. When the time is right to transfer these service delivery capabilities back to the company, the CIO will have achieved their vision of an IT organization that follows standardized delivery processes and performance metrics, with visibility of work from demand to delivery and the agility to accelerate business value.

About Deloitte Application Management Services

Deloitte Application Management Services (AMS) offer break-fix maintenance, monitoring, and optimization services with guaranteed service levels. Additionally, we strategically manage and enhance technology applications, digital solutions, and infrastructure to meet ongoing organizational needs. Our work includes:

- Custom application software development
- Quality engineering
- AMS for package solutions
- Software-as-a-service operations
- Digital foundries (flexible capacity), DevOps, and enhancements

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