Leveraging CMMI Process Maturity to Accelerate the Journey of Business Maturity

for 3rd. International Colloquium on High Maturity Best Practices 2012

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Agenda

1. Global economic outlook
2. Key challenges faced by the IT Industry
3. Mapping of CMMI process maturity to business maturity
4. CMMI as a key ingredient of business plan
5. Creating an eco-system for “perpetual” sustenance of CMMI based processes
Global economic outlook reflects downtrend for 2012-13

- Lesser demand for IT products and services
- Extremely competitive market
- Thus charge out rates and margins under pressure

![Graph: IT Growth Forecasts](http://www.imf.org)

*Data source http://www.imf.org*
Key challenges faced by the industry in the current macroeconomic context

1. Winning (top line) and acquiring new business and clients
   - Customers deferring new business opportunities due to budgetary constraints
   - Huge competition amongst vendor organizations
     - Customer looks for quality services at reduced cost
     - Customer looks for consolidating services with the preferred vendor

2. Engagement & delivery management (bottom line)
   - Challenge to deliver on schedule, budget and highest quality
   - Foundations / basics continue to be the concern for delivering within the budgeted cost

3. Shareholder and public Confidence in the Organization
   - Share holders will invest or withdraw depending up on the performance of the share
   - Organizations need to show improving trend Year on Year to achieve shareholder confidence
Building resilience to the cyclical variations of the industry

- **Must Have**
  - Cost excellence
  - Agility: clients & offers
  - Global reach

We need transformation initiatives which are pillars supporting business growth and sustenance
Things haven't changed much – we still encounter the same engagement management & delivery challenges

Typical Challenges in Responsibility Engagements

- Weak contracts management
- Sales to delivery handover gaps
- Staffing issues (availability v/s assumed in proposal)
- In case of distributed teams, lack of common KPIs across shores
- Over-runs (production losses), which are difficult to recover through Change Requests
- Weak engagement monitoring (Ineffective tracking of KPIs - delivery, finances), preventing the organization to take mid course corrections on time
Industry process models / frameworks have, to a large extent, helped us design process solutions to face and overcome these challenges.

*But all said and done…. We still face challenges in sustaining good practices.*

So how do we take care of this challenge, and showcase value proposition for business maturity and good practice sustenance?
Our Perspective of Business Maturity

Levels of Business Maturity

At the **Mature Phase**
Organizations deliver best in class services – better than their competitors - wins more deals and achieve profitable growth

At the **Growth phase**
organizations deliver at higher efficiency achieving higher margins

At the **Emerging phase**
Organizations focus on achieving the margins (at which the engagement was sold at)

Having a change management culture & discipline and alignment between management, delivery & operations is critical for the movement towards higher maturity levels
Glimpse of the CMMI based process improvement framework

CMMI Levels

- INITIAL
- MANAGED
- DEFINED
- QUANTITATIVELY MANAGED
- OPTIMIZING

Process Maturity vs. Business Benefit
## Mapping of CMMI process maturity to business maturity levels

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Thereby creating an eco-system for “perpetual” sustenance of CMMI based practices

Continuous Process Improvement in line with Business Outlook

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Positioning CMMI, as one of the Industrialization actions, to be a key ingredient of business plan

1. Sustaining the contribution margins
   - **SUSTAINING** - Basics / Foundations in Place
     - A well-integrated and effective delivery environment of people, methods and tools which is the COMMON WAY of contracting, setting-up and delivering engagements, complemented by tailoring, metrics and knowledge management

2. Improving the contribution
   - **IMPROVING** - Make the effective delivery environment efficient
     - Performance Measurement, Quantitative Goals (lower production losses, increase production gains, optimum utilization thru mutualization / shared services, productivity gains by reuse, end2end automation to the extent possible)

3. Accelerated profitable growth
   - **ACCELERATING** - Innovative, state of the art
     - Standard offerings as per the demand of the market & client (e.g., standardized estimation & pricing models, delivery patterns for migrating from a legacy to new technology, factory model, multi-client platform offering for markets having client’s with small IT budget, SaaS model – price per transaction)
     - Organization level transformation initiatives using industry framework serving as engines to drive the same (6 Sigma, Lean, Cloud based Services)
Three key pillars where transformation journey is the need of the hour

• **Portfolio management** – Topline Initiatives (Segmentation of focus areas)
  - Concentrating on verticals, which are performing better in these turbulent times
  - Concentrating on locations, which are performing well in this economic scenario
  - Taking a call on focusing whether on services or development, ERP or Non ERP
  - Developing capabilities and teams for winning large multi-year deals

• **Pyramid Management & Industrialization** (Bottomline Initiatives)
  - Cost per unit – focus on reducing the same
  - Effort per unit – focus on reducing the same, hence the cost
  - Enhance the skill levels of delivery organization to avoid production losses
  - Moving to tier2 locations to bring in the cost advantage
  - Mutualization / Factory model

**Key Pillars for achieving Profitable Growth**
Continuous focused attention on measuring the business value from our processes and related improvements, and on-going feeds to the management of the same
  • we use CMMi and LEAN/6 Sigma as platform to drive quantitative process improvements, which is essentially tied-up with VOB, VOC and VOP

Aligning process improvement with our Group priority is a MUST for us
  • thus our process objectives are always aligned to business objective (hence the “eco-system” is in place)

Hence, we have the offshore delivery centre (India) with an industrialized delivery environment needed for building trust and confidence with our clients, onshore teams and alliances for maximum offshorization
Thank You

Contact us

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