Navigating the Transition Speed-Effectiveness Conundrum

Balanced Transition Approach

Whitepaper by

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The Next Applied

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1. Executive Summary

Transition programs are indispensable endeavors designed to facilitate the adoption of best-of-breed IT services, empowering customers to attain their business objectives. However, they concurrently introduce a discernible element of risk due to the substantial changes they entail. Conceptualized as the seamless replacement of the driver of a moving bus without disruption, the transition process necessitates meticulous planning to ensure continuity and safety for all stakeholders. Central to this endeavor is the adept management of inherent risks associated with transformative change, emphasizing the importance of strategic risk mitigation strategies throughout the transition journey.

In formulating a transition program plan, two pivotal considerations often take precedence: the duration of the transition and the desired effectiveness of its execution. These two factors can vary independently in many cases.

However, as transition practitioners, Mphasis transition practice frequently encounter scenarios where there is a pressing urge to minimize the transition bubble cost, resulting in a corresponding drive to accelerate the transition or streamline the program's duration and effort. However, such endeavors can inadvertently compromise the quality of the transition, resulting in diminished knowledge levels and performance challenges post-cut-over to the steady state. It is imperative to recognize the potential ramifications of such decisions and strive for a balanced approach that prioritizes both efficiency and effectiveness throughout the transition process.

The conflict between duration and effectiveness demands a nuanced, balanced resolution, grounded in the deliberate assessment of various factors shaping these considerations. Employing a methodical, data-driven approach is imperative for making informed decisions in transition planning.

This white paper endeavors to deconstruct this challenge and offer insights into best practices, tools and methodologies aimed at navigating this transition dilemma effectively. We present a comprehensive analysis of the underlying dynamics and provide actionable strategies to reconcile the conflict between speed and efficacy in transition endeavors.

2. Factors Influencing the Duration and Effectiveness During Transition

Based on our experience in designing and executing transitions for various customers across the globe with varying transition demands, we have observed some common factors depicted below, that generally influence decisions regarding duration and effectiveness of the transition.
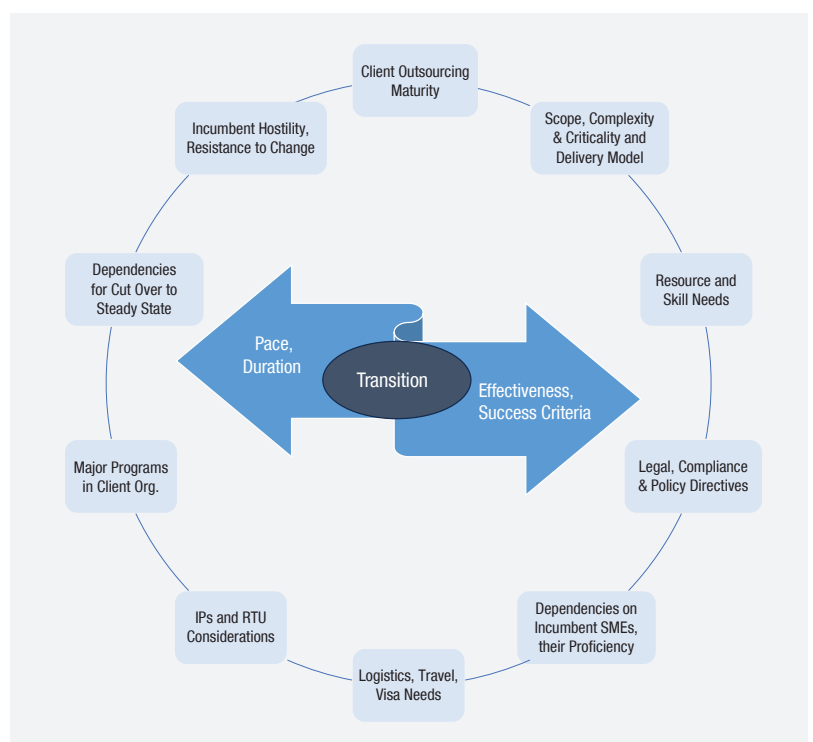
2.1 Client Outsourcing Maturity

- The client's experience in effectively managing and governing outsourcing initiatives is a critical factor that determines the overall success of the transition program. Many times for first-time outsourcers, it is necessary to handhold the client team to provide a holistic perspective of the pros and cons of outsourcing initiatives, right engagement model, governance types, optimization techniques and relationship management.
- This typically requires a relaxed transition exercise to be able to complete contractual prerequisites, set up Organization Change Management (OCM) function and communicate effectively within the client organization to get the right support from all key stakeholders and perform an effective transition.

One of the logistics majors in West Europe was the first outsourcer who had planned to engage offshore-based vendors to manage their application services. While the anticipation was to complete the transition in about four months of time, sluggishness set in due to non-cooperation from IT delivery groups due to a lack of organization-wide communication. Detailed analysis indicated an immature communication pattern on the client side that needed a course correction and initiation of the OCM function to manage the change. While the transition was effectively run, it needed replanning, taking into consideration additional time for structured communication and reconciliation of open issues.

2.2 Scope, Complexity, Criticality and Service Delivery Model

- The scope of services, their inherent technical and operational complexity is a key factor to consider. Eg: Complex applications, with intricate interdependencies and diverse components, require meticulous planning and execution, potentially needing a longer, focused knowledge acquisition process.
- Critical applications, essential for business operations, demand cautious handling, necessitate extensive hands-on training and experience, the lack of which can influence the transition effectiveness.
- Service delivery models, operating models or multi-vendor scenarios influence the way transitions will be run in view of the targeted steady state responsibilities, dependency on other participating vendors, or even the way services are delivered and consumed across service towers.

A large American multinational IT services company had the urgency to complete the transition in the short run due to nearing incumbent contract term closures, where the scope of transition was services associated with a set of complex and critical revenue-yielding business applications. The push to reduce the transition duration led to the anticipated risk of inadequate knowledge levels that was well mitigated by the assessment and mitigation of knowledge gaps during and post-transition buffer period. Balancing the need for speed with thorough planning is crucial to ensure a successful transition without sacrificing effectiveness.

2.3 Resource & Skill Needs

- Resource constraints, including limited availability, location of the resource need and varying skill levels, impact transition duration by causing delays in achieving milestones and hindering progress.
- Insufficient resource power at any stage in transition can compromise the knowledge acquisition process, leading to knowledge gaps and rework, thus affecting the effectiveness of the transition process.
- Diligence in the effective assessment of skill needs for the program, along with the proficiency level for each role in scope, is the factor that has a bearing on the effectiveness of the transition.

A leading insurance platform service provider with a multifold of services across development, AMS and QA faced a unique skill challenge due to a planned fast-paced resource ramp-up for dated technology resource needs in large numbers. During the due diligence phase, the Transition Management Office (TMO) had to re-plan transition waves and clusters to adapt to resource availability for such niche skills. Thorough planning and skill requirement balancing at the early stages of transition would have helped overcome these challenges.

2.4 Resistance from Key Personnel

- Resistance from incumbent vendors and clients may lead to delays in obtaining necessary cooperation. Reluctance to share proprietary knowledge or data can impede the timely transfer of information.
- Client resistance, driven by fear of change or dissatisfaction, and reluctance from vendors may compromise the overall effectiveness of the transition process.

While transitioning a large portfolio of application services from one of the logistics companies in the United States, few stakeholders, accustomed to existing processes, were reluctant to adopt the new optimizations proposed,

leading to procrastination in adapting within the planned timelines, risking decreased productivity. Open communication and engagement of client and third-party vendors in joint planning and decision-making gradually reduced resistance which took a cycle time, facilitating smoother implementation and improved effectiveness over time, needing additional effort and time.

2.5 Competing Priorities
- Competing projects, such as ongoing initiatives and transformation programs, can impede application transition duration by:
  - Sharing resources and shifting priorities, leading to resource constraints and decision-making delays
  - Conflicting timelines and dependencies, necessitate additional coordination efforts

Inadequate prioritization exacerbates bottlenecks and introduces inefficiencies. During a transition project for a large insurance Third-Party Associates (TPA) in the US, the client encountered challenges due to numerous ongoing projects and transformation initiatives. The abundance of concurrent endeavors strained resources and caused shifting priorities, resulting in prolonged decision-making processes and resource limitations. This extended the transition duration, requiring extra coordination efforts and prioritization strategies from the steering committee to ensure successful project completion.

2.6 Documentation Availability & Quality
- Without sufficient documentation, team members may spend an excessive amount of time trying to understand the existing system, its components, dependencies and workflows. This can increase the transition duration to gather the necessary information to make informed decisions and implement changes effectively.
- In the absence of documentation, there is a higher risk of errors, misunderstandings and misinterpretations during the transition process which can affect the transition's effectiveness.

During the transition of QA services from a large financial services provider in the UK, we encountered a challenge with inadequate documentation, requiring extra time to create essential Standard Operating Procedures (SOPs) and guidelines. To address this, we took proactive steps to gather essential documentation to maintain operations during the transition. Additionally, we launched a larger documentation project post-transition to create a comprehensive knowledge repository for future reference.

2.7 Dependency on Incumbent SMEs and Proficiency
- Limited knowledge among trainers can hinder transition effectiveness through:
  - Incomplete training content causing confusion
  - Inaccurate information leading to errors and misunderstandings
- Lack of personalized guidance, hindering individuals' transition process.
- Pre-determining the effort needed from SMEs to handhold and train incoming teams is the best practice in dealing with delays and inefficiencies in the knowledge transfer phase.

While transitioning critical applications and services from a leading American multinational financial services company, some of the key SMEs resigned halfway through the transition. The replacement SMEs did not have sufficient knowledge and expertise to impart the training and experience at the required levels impacting transition schedule and quality. Mphasis managed this situation by supplementing training materials, utilizing code analysis tools and facilitating access to internal subject matter experts for clarifications, ensuring a smoother transition process.

2.8 IPs and Right to Use (RTU) Considerations
- There may be licensing agreements or intellectual property rights associated with the application's code, libraries or components that need to be carefully managed during the transition.
- Unresolved licensing issues or disputes over ownership of intellectual property could result in legal complications or delays in the transition process.

During the transition process for a global IT services company, there was a challenge accessing the existing vendor's exclusive tools. These tools were critical for the services, but the incumbent vendor didn't permit continued usage of their proprietary tool. To address this, we quickly assembled a team of experts to analyze and understand the tool's functionality. We then developed an alternate version with enhanced features and capabilities to meet their needs. While this adjustment impacted the original transition schedule and required additional time for tool development, Mphasis completed the transition with the desired effectiveness for services dependent on this tool.

2.9 Legal, Compliance and Policy Directives

- Legal, compliance and policy hurdles slow transitions, necessitating reviews for adherence to regulations and industry standards.
- Negotiating contracts, resolving intellectual property issues and addressing privacy concerns prolong the process.
- Balancing regulatory requirements with transition timelines demands careful navigation to avoid legal liabilities and reputational harm.

2.10 Logistics, Travel and Visa Needs

- Logistics, travel and visa requirements significantly impact personnel and equipment movement during the transition.
- Obtaining visas and managing travel arrangements for relocated or overseas team members is critical, with delays potentially causing project setbacks.
- Shipping equipment or transferring data may also encounter logistical challenges.
- Effective planning and early collaboration can mitigate these issues, ensuring a smoother transition despite constraints.

3. Balanced Assessment Mechanism

At Mphasis, we perform Service Value Analysis where we scientifically assess and grade various factors influencing the duration of transition and performance expectations for each service category. The impact of such factors could vary and is best assessed in the context of the transition program needs. As an example, we have enumerated the transition of application support and maintenance services for a complex and critical set of applications and low-priority applications for a large North American Banking company. A sample comparative analysis of the impact of chosen factors for complex-critical apps versus simple disposable apps is given below. We can see a varying order of impact in both and, with optimization areas for the transition of simple applications in scope.

The duration for conducting the Service Value Analysis fluctuates based on complexity and criticality of the transition service requirements. Generally, once necessary data is available, it takes a week or two, to perform the due diligence and analysis.
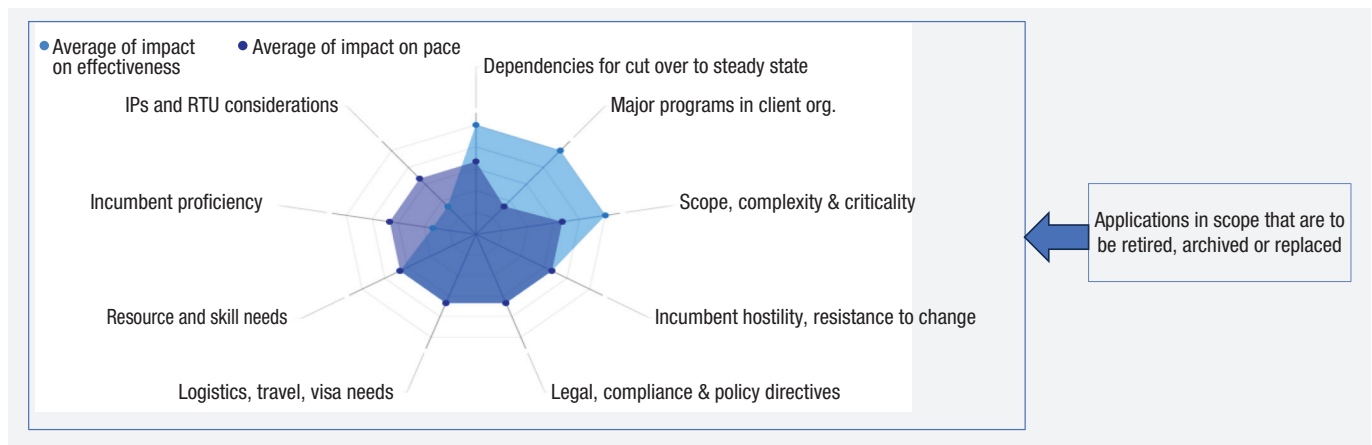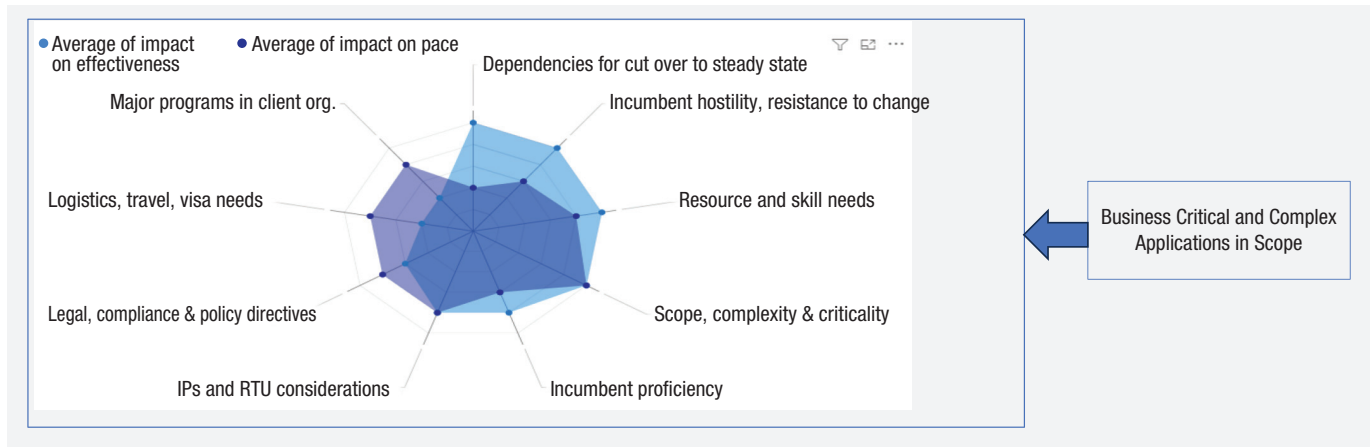
This step entails conducting a meticulous review of contractual obligations outlined in Statements of Work (SoW), Master Service Agreements (MSA) and other pertinent documents. This leads to critical appreciation of the value the client is looking for, from the engagement. This comprehensive examination serves to delineate roles and responsibilities (RASCI) for potential vendors, current service providers and client stakeholders. Through this process, each commitment is scrutinized with precision, employing methodologies such as brainstorming, design thinking sessions or mind mapping techniques to discern key factors that could either enhance or impede the duration and effectiveness of the transition program under consideration.

In addressing inefficiencies across people, processes and knowledge management during transitions, the strategic induction of a SWAT team emerges as a highly-effective solution. This specialized task force conducts meticulous assessments to identify areas for improvement and devises targeted strategies to optimize efficiency. By focusing on enhancing workforce capabilities, streamlining workflows and preserving organizational knowledge, the SWAT team not only facilitates a smoother transition, but also lays a robust foundation for subsequent transformation initiatives. Moreover, through pre-run simulations and rigorous testing, the team ensures readiness for the transition journey into a steady state, minimizing disruptions and maximizing outcomes. Ultimately, our proactive approaches foster a culture of continuous improvement, propelling organizations toward sustainable transformation and operational excellence.

 A structured two-level weightage is given to each of the factors so identified, and their area of influence that would help us arrive at a pragmatic view of their influence. With that, we segregate services into three buckets such as – a) High-value services, b) Complimentary or secondary services and c) Low-value services depending on the transition context and service value derived from the analysis.

Here is a comprehensive evaluation of the influential factors affecting the timeline, budget and quality of a significant transition initiative. It is evident that the magnitude of these factors' impact fluctuates significantly based on the specific service profile within the purview of the transition program.

Key Factors ▲	Average of High Value Services	Average of Complimentary Services	Average of Low Value Services
Dependencies for cut over to steady state	Amber	Green	Green
Incumbent hostility, resistance to change	Red	Red	Green
Incumbent proficiency	Amber	Amber	Amber
IPs and RTU considerations	Amber	Green	Green
Legal, compliance & policy directives	Red	Amber	Green
Logistics, travel, visa needs	Amber	Amber	Green
Major programs in client org.	Amber	Green	Green
Resource and skill needs	Red	Amber	Amber
Scope complexity & criticality	Red	Amber	Amber

The diagram above illustrates 'Red', 'Amber' and 'Green' indicators, reflecting the varying degrees of influence that the respective factors exert on the duration and effectiveness of the transition.

Upon completion of the service-value assessment process, we leverage its findings as the guide to develop the transition plan. The below thumb rule helps delineation of the transition duration, effectiveness metrics and gating criteria, which serve as benchmarks to gauge the transition's success across its various phases.

Type of Services	Service Profile	Relative Importance of Duration	Relative Importance of Effectiveness
High-value Services	• Critical services that impact revenue, reputation of the company • High availability services that need core application/service knowledge • May have legal, audit and compliance impact	Cannot compromise much on duration. Depending on the complexity and criticality of services, we will need time for KT and shadow support activities to minimize knowledge gaps.	Need to achieve 100% effectiveness in execution clearing all agreed gating criteria within the transition timeline. Any slack will impact service delivery in a steady state.
Secondary/ Complementary Services	Medium impact on operations that have no direct bearing on core business. Internal facing services that can wait and non-availability are acceptable within limits.	Can optimize transition schedule by deploying effectiveness and productivity tools like App analyzers for quick understanding of app arch, Gen AI tools for faster document crunching.	No compromise in the quality of deliverables. However, we can create a 30-60-90-day plan to bridge any knowledge gaps and documentation, post-cut-over during stabilization.
Low-value Services	Good to have, low-impact services with alternate workarounds in case the services are not available. No operational, business, legal or compliance impact. To be 'retired, archived or sunset' apps, services in scope.	Can optimize duration on a case-by-case basis given that the organization does not see a great value in continuing these services for long.	No compromise on the quality of deliverables. Focus only on core functionality KT and hands-on experience, based on specific delivery needs.

An essential aspect of our analysis involves engaging in open, candid discussions with customer Subject Matter Experts (SMEs) and stakeholders. This dialogue serves to validate our comprehension of their needs and concerns while fostering buy-in. Through this process, we address inherent risks associated with compromising either the duration or quality of the transition, seeking to reach an optimized plan collaboratively with all involved parties.
Our approach integrates scientific, data-backed analysis with a 'design-thinking-based' collaboration mechanism, a proven methodology that has consistently yielded successful outcomes, even in the most demanding circumstances.

4. Conclusion

Navigating the delicate balance between transition duration and effectiveness requires strategic foresight and proactive measures. Our whitepaper has explored many challenges faced in achieving this equilibrium and provided practical mitigations to address them. By prioritizing clear communication, meticulous planning and agile adaptation, organizations can surmount obstacles and optimize transition outcomes. Embracing these strategies fosters resilience, efficiency and innovation empowering organizations to thrive amidst change.

The triad of right data, robust trusted process and structured collaboration are the best bet in resolving most challenges and that holds good for transition programs as well.

However, our run through some of the most challenging transition programs, especially during the pandemic times, has given us experience and insights to sense a risk better and to mitigate possible risks at the earliest possible stage. With the right tools such as the Service Value Analyzer, we are enabled to leverage the data at hand helping customers and us to make more informed decisions.

Our transition strategy is designed to uphold business continuity with zero disruption, bolstered by transparent governance and meticulous change management protocols. We emphasize zero-loss knowledge management and curation to safeguard intellectual capital throughout the transition. Furthermore, our commitment to Service Level Agreement (SLA) assurance ensures steadfast reliability and performance consistency, setting the stage for robust service transformation endeavors in the future.

As businesses embark on their transition journeys, may this guide serve as a valuable resource in navigating the complexities and unlocking the full potential of transition initiatives.

As quoted by Victor Hugo – 'To put everything in balance is good, to put everything in harmony is better'.

About Mphasis

Mphasis' purpose is to be the *"Driver in the Driverless Car"* for Global Enterprises by applying next-generation design, architecture and engineering services, to deliver scalable and sustainable software and technology solutions. Customer centricity is foundational to Mphasis, and is reflected in the Mphasis' Front2Back™ Transformation approach. Front2Back™ uses the exponential power of cloud and cognitive to provide hyper-personalized ($C = X2C_{TM}^2 = 1$) digital experience to clients and their end customers. Mphasis' Service Transformation approach helps 'shrink the core' through the application of digital technologies across legacy environments within an enterprise, enabling businesses to stay ahead in a changing world. Mphasis' core reference architectures and tools, speed and innovation with domain expertise and specialization, combined with an integrated sustainability and purpose-led approach across its operations and solutions are key to building strong relationships with marquee clients. Click here to know more. (BSE: 526299; NSE: MPHASIS)

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