



## IDC ExpertROI® SPOTLIGHT

# Schiphol Telematics Moves to Avanade to Achieve More Value Through Business Partnership

Sponsored by: Avanade

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September 2014

## Overview

Schiphol Telematics (ST) has provided telecom services such as tailored Internet, voice, IPTV, and network services over its own network to businesses in and around Amsterdam Airport Schiphol for more than 20 years. Critical airport functions reliant on ST's services include a number of supporting processes, such as payment services, airport operations, and baggage handling systems.

Despite having a robust customer base, ST is a relatively small company, with only about 95 full-time employees and 15 contractors. Thus, it is constantly managing its costs and employee footprint to maintain maximum business flexibility and agility. As one aspect of this strategy, it relies on managed services providers for all of its IT operations, including the most important Microsoft business applications its employees use.

In 2012, ST selected Avanade Inc. to replace its then-incumbent managed services provider for its Microsoft Dynamics AX ERP system, Microsoft SharePoint, and reporting services for its Microsoft SQL servers. ST credits Avanade with providing higher-quality support and going the extra mile to forge a business partnership with it. Edwin Meijer, a member of ST's management team, explained that "Avanade is a true business partner, giving us the flexibility we need. Plus, our costs have gone down and our service quality has gone up."

Avanade's impact has been most evident in improving ST's ability to manage functional change requests through the skills and experience Avanade brings to the table. With Avanade supporting it, ST can make changes faster and complete more requested changes than it could with its previous managed services provider, thereby driving higher employee productivity. This enables ST to focus on its core business and better respond to its customers' needs.

### Business Value Highlights

**Organization:** Schiphol Telematics

**Location:** Schiphol, the Netherlands

**Challenge:** Establish a business partnership with a managed services provider to increase the business value delivered by important business applications

**Solution:** Avanade Application Managed Services

#### Five-Year Cumulative Benefits:

- €8.99 million (discounted)
- ROI of 142%
- Payback in 6.4 months

#### Other Benefits:

- Avoid expense and business risk of hiring internal IT staff
- Four times faster functional change management
- Ability to implement hot fixes to maximize employee productivity

IDC calculates that ST is achieving **benefits of €2.53 million** per year with Avanade compared with its previous managed services provider over the projected five-year period by **not needing internal IT staff, driving productivity through improved changed management, and reducing costs**. This results in a **five-year ROI of 142%** and a **payback period of 6.4 months**.

## Implementation

ST does not maintain in-house IT staff and instead relies on managed services providers for all IT services. Meijer explained: "Our company is too small to have all the IT resources needed in-house to provide customer service at the level we want. Doing IT in-house would be a large expense and would carry a significant business risk if something went wrong."

Before ST migrated to Avanade, it used another managed services provider to support its Microsoft Dynamics AX, Microsoft SharePoint, and Microsoft SQL server reporting services. According to Meijer, his company was content with the level of services it received from this provider, but it never established what he referred to as a "business partnership" with the provider. This meant that the managed services ST was receiving never fully jelled with its business strategy. Thus, when the previous provider shifted its strategy to focus less on supporting Microsoft solutions, ST began searching for another managed services provider for these important Microsoft applications.

In 2012, ST chose Avanade to manage these Microsoft applications after sending out a tender offer and evaluating three candidates. According to Meijer, "We chose Avanade based on capabilities and price." Meijer also noted that "Avanade has the skills, resources, and technology we need to provide superior service to our customers."

ST found Avanade to be well-informed on the latest Microsoft software and development plans. "Avanade was more flexible than our previous supplier and capable of implementing functional changes more quickly. We were particularly impressed with how Avanade planned to handle the business and keep in constant touch with our internal users."

ST's migration to Avanade Application Managed Services took only two months, which helped ST maintain business continuity. A foundation of the company's partnership with Avanade is that two Avanade employees work onsite in ST offices, which allows them to work and interact directly with customers and internal ST users to understand and implement requested functional changes. In addition, Avanade and ST have biweekly meetings to discuss operational issues. There are further meetings every two or three months to talk about strategic and tactical matters.

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## Benefits

ST reported that despite moving from another managed services provider, it is still achieving substantial business value with Avanade. Meijer said that his company has been able to better focus on its core business with Avanade supporting it and achieve productivity gains while keeping its managed services provider-related costs to a minimum. As a baseline matter, Meijer reported that

using Avanade allows his company to avoid hiring a team of five to seven full-time employees to manage Microsoft applications and is also helping it improve its business agility and flexibility.

Avanade has helped ST achieve these benefits by being a true business partner rather than just a service provider. By maintaining two individuals onsite at ST, Avanade understands the needs of ST's customers and internal users, helping provide the competitive agility and flexibility ST needs.

With Avanade's expertise in application life-cycle management, ST has improved its ability to take on and handle change requests, driving higher employee productivity and helping it achieve more value from its relationship with Avanade. Meijer explained: "Avanade's flexibility has been very important for us in improving our ability to manage changes. We get change requests every week. Before, it might have taken our managed services provider four weeks to implement a requested change. Now, it's usually done within a week."

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By speeding up the execution of change requests, ST is able to fulfill a higher percentage of requests for new features or functionalities from end users. According to Meijer, "With Avanade we can make any requested functional changes four times faster than before. At any time we might have just 50 requests outstanding, whereas before with our previous supplier, we typically had 200 or more requests waiting to be addressed." This reduced change request pipeline means that employees get access to improved functionality earlier, thereby improving their productivity as they leverage improvements to applications they use every day to do their jobs better.

Avanade's skills and expertise in application management are also enabling ST to roll out "hot fixes" for more significant issues with applications. ST's previous managed services provider struggled to provide these hot fixes, so ST has benefited from the higher employee productivity and improved customer relationships that result from these hot fixes. As an example, Meijer cited an instance when a significant operational change arose from a request to improve communication between ST and its customers. After implementation, ST realized that it still needed to make a major change to ensure full functionality of the change, which would take months. However, Avanade helped ST implement a hot fix that brought significant additional functionality to the teams impacted by the operational change three months earlier than expected.

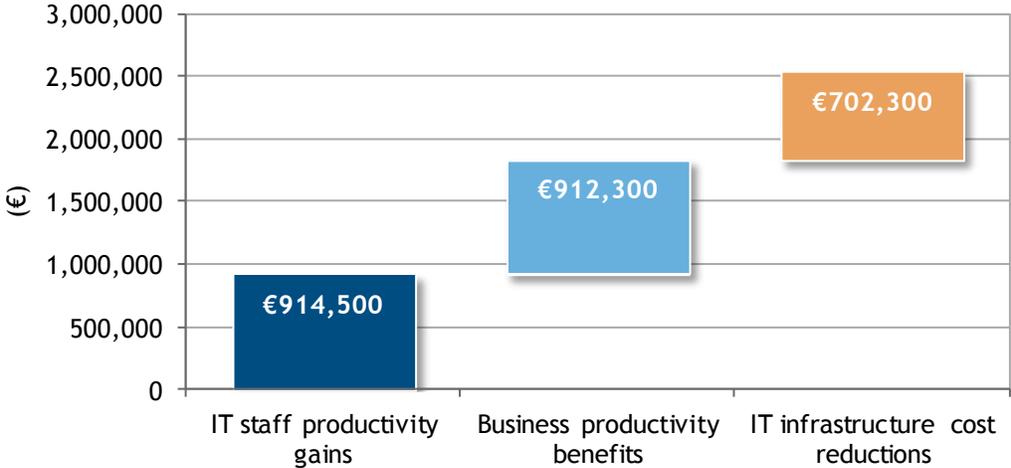
In addition to improved productivity and customer relationships driven by Avanade's support, ST has benefited from higher-quality service while paying less. Also, the robustness of ST's relationship with Avanade means that ST's internal users spend less time managing the managed services relationship. Further, help desk operations driven by Avanade are more efficient and responsive, which means that trouble tickets and calls for assistance are resolved faster. "We implemented an add-on to SharePoint, which directs trouble tickets to Avanade or our internal help desk, depending on the nature of the problem," Meijer said. "This has benefited both our internal users and our help desk staff."

# Quantifying the Benefits

By interviewing Meijer and asking questions about operations before and after deploying the Avanade managed services solution, IDC was able to quantify the benefits being realized by ST. When projected over five years, **the benefits from higher staff productivity, reduced costs, and other business benefits averaged €2.53 million per year** (see Figure 1).

**FIGURE 1**

## Average Annual Benefits



**Total: €2.53 million per year**

Source: IDC, 2014

### IT Staff Productivity Gains

With Avanade's support, ST has continued to be able to have robust Microsoft applications without needing to invest in internal IT staff resources. IDC projects that over five years, ST will avoid IT staff hires worth an average of €462,000 annually with Avanade.

Further, the depth of skills and expertise offered by Avanade means that ST is achieving more value in terms of features and change management than it did with its previous managed services provider. It takes significantly less time for Avanade to implement a new feature or major change, meaning that ST gets more value from its managed services relationship, worth an average of €321,700 per year over five years. Also, ST's employees are spending less time managing the managed services provider relationship with Avanade, adding further time savings worth an average of €102,700 a year.

Avanade has also made ST's IT incident management operations more efficient. The help desk team handles 15% to 20% more tickets while providing more functionality than before. IDC estimates that these productivity gains average €28,100 per year over five years.

Cumulatively, ST is achieving benefits with Avanade from **IT staff costs avoided and IT-related productivity gains** worth an average of **€914,500 annually over five years**.

### ***Business Productivity Benefits***

Avanade is helping ST achieve strong business productivity gains even though it transitioned from another managed services provider. Specifically, Avanade has enabled ST to speed up change management processes for both routine and more impactful change requests. As a result, ST's employees have enhanced functionality on key Microsoft applications sooner and can translate this to improved productivity by serving their customers better.

Major features and changes significantly impact end-user productivity, and IDC calculates the benefit for ST with Avanade of changes being completed in one week rather than four weeks at a value of €306,200 per year over five years. In addition, Avanade helps ST push through hundreds of less significant changes faster, which translates to a productivity gain of €120,600 per year over five years.

ST also benefits from higher employee productivity because Avanade is able to deliver hot fixes for customer-facing applications. This helps ST maintain and even improve customer relationships and also gives ST's employees months of more productive time with important customer-facing applications. IDC estimates this productivity gain at an average of €138,200 per year over five years.

Faster change management with Avanade has also benefited ST's employees as they spend less time on the administrative aspects of making changes. On average, ST's employees are impacted by about 500 change tickets per year. By saving productive time in carrying out these changes, Avanade is helping ST realize productivity gains that IDC calculates at €325,100 per year over five years.

Finally, Avanade is driving productivity of ST's finance and logistics teams with its knowledge of how processes are embedded in Microsoft Dynamics AX. IDC puts the productivity gains for these teams at an average value of €22,100 per year over five years.

In total, IDC projects that ST is achieving **business productivity benefits worth an average of €912,300 annually over five years** by using Avanade's managed services.

### ***IT Infrastructure Cost Reductions***

Avanade is also providing ST with better service levels and support at a lower price than its previous managed services provider. In addition, ST is realizing some savings on training costs with Avanade. IDC calculates that **ST is realizing savings worth €702,300 per year over five years by avoiding managed services contract and training costs**.

# Return on Investment

IDC projects that ST will achieve a **total discounted benefit over five years of €8.99 million** through its use of Avanade Application Managed Services compared with its previous managed services provider. This compares with a **discounted investment of €3.72 million** in Avanade's managed services, resulting in a five-year **ROI of 142%** with **payback** on ST's investment in Avanade occurring within **6.4 months** (see Table 1).

**TABLE 1**

## Five-Year ROI Analysis

Benefit (discounted)	€8.99 million
Investment (discounted)	€3.72 million
Net present value (NPV)	€5.27 million
Return on investment (ROI)	142%
Payback period	6.4 months
Discount rate	12%

Source: IDC, 2014

IDC conducted several interviews with ST to quantify the benefits and investment associated with its use of Avanade Application Managed Services and created an ROI analysis from the results.

IDC calculates the ROI and payback period in a three-step process:

1. Measure the benefits from increased IT staff and user productivity and other cost savings since deployment.
2. Ascertain the total investment.
3. Project the investment and benefit over five years and calculate the ROI and payback period. The ROI is the five-year net present value of the benefit divided by the discounted investment. To account for the time value of money, IDC bases the ROI and payback period calculations on a 12% discounted cash flow.

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