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# LEAPFROGGING THE MATURITY S-CURVE

## How Caesars Entertainment and NIIT Technologies Moved Service Management to the Next Level of Maturity

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### Executive Summary

Caesars Entertainment Corporation's IT department faced the challenge of unifying its IT service management for a diverse user base that was already large and growing quickly. Caesars realized that combining standard IT processes with NIIT Technologies as a strategic partner was the best solution to address this challenge.

This case study demonstrates that:

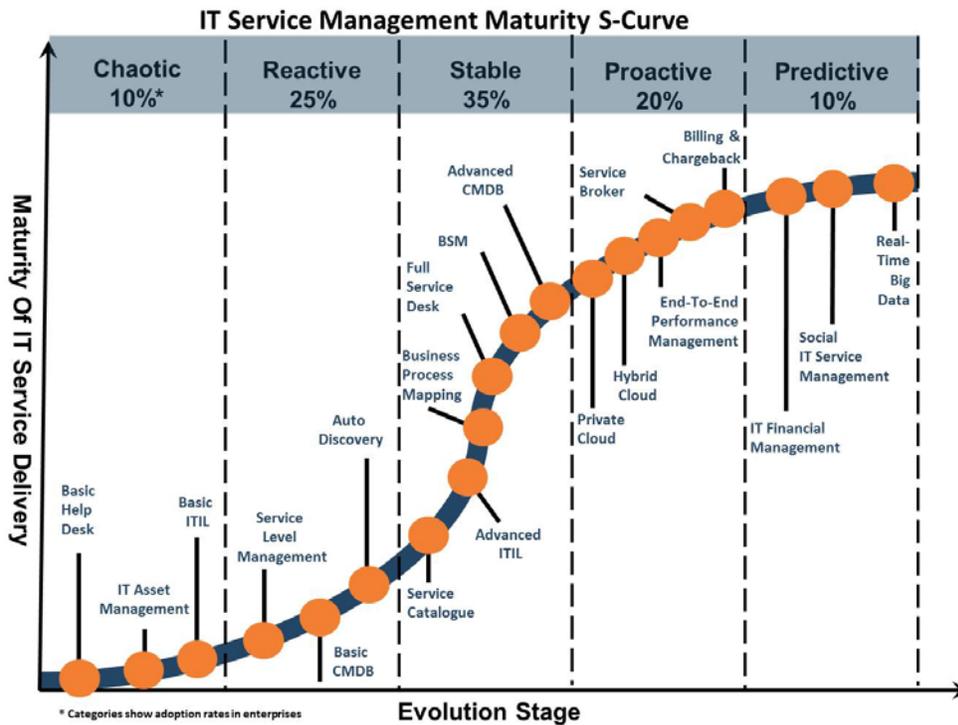
- » Being flexible during the RFP processes provides benefits, if managed correctly.
- » An experienced partner and a well-prepared project are essential for a smooth transition.
- » A mix of onshore and offshore service management teams delivers superior customer service results.
- » A single, unified team for both business continuity operations as well as service desk operations is now state of the art.
- » IT service management process standards can be leveraged to leapfrog parts of the maturity s-curve.

### The Importance of Service and Help Desk for IT Service Management

Maintaining existing IT services consumes an enormous portion of IT budgets. In 2012, 70 percent of the average enterprise IT budget was spent on the provision of existing services while internal customer demand continued to put great pressure on IT departments. As a result, for most of the last decade, IT executives have searched for

ways to improve service quality while reducing the cost. These efforts have given rise to two important elements: (a) an understanding that IT service management<sup>1</sup> follows a well-defined maturity s-curve and (b) a standard process methodology, named ITIL<sup>2</sup>. Today, 74 percent of enterprises are active ITIL users<sup>3</sup>. ITIL is an important prerequisite for every IT department when looking at standardizing IT service delivery and support processes. In order to satisfy the ever-increasing needs of business users, IT departments have to move through the various stages of the IT service management maturity s-curve (see Exhibit 1).

**Exhibit 1: IT Service Management Maturity S-Curve<sup>4</sup>**



Source: HfS Research 2012

<sup>1</sup> IT service management is a discipline for managing IT systems, philosophically centered on the customer's perspective of IT's contribution to the business. IT service management stands in deliberate contrast to technology-centered approaches to IT management and business interaction. See [http://en.wikipedia.org/wiki/IT\\_service\\_management](http://en.wikipedia.org/wiki/IT_service_management).

<sup>2</sup> The IT Infrastructure Library (ITIL) is a set of standard IT terminology (e.g., a high-level definition of a change request) developed in the late 1980s–early 1990s by the United Kingdom Central Computer and Telecommunication Agency, to address the issues of IT service support and delivery faced by IT infrastructure organizations. In 2001, the United Kingdom Central Computer and Telecommunication Agency was absorbed into the Office of Government Commerce, now part of the Cabinet Office in the United Kingdom. See <http://www.itil-officialsite.com>.

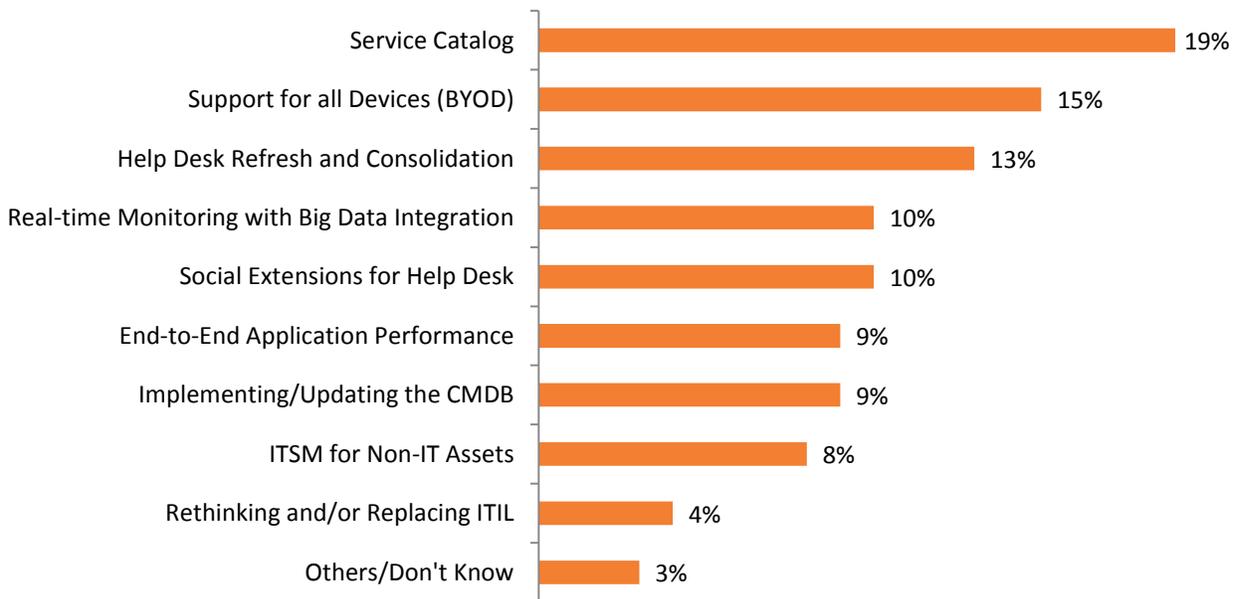
<sup>3</sup> See ITIL Adoption Today And The Future Of ITIL, HfS Research, March 2013.

<sup>4</sup> See IT Service Management Market Update, HfS Research, November 2012.

By moving through the successive stages of the IT service management maturity s-curve, IT departments become increasingly better equipped to satisfy service demands from their end-users. Moving up the s-curve also promises significant reduction in overall service cost. Companies report an average of a 10 percent reduction from one stage to the next. It is therefore important to understand in which phase the IT department currently is and how advanced the demands from the end-users are.

There are also a number of important spending trends for 2013, which show the importance of the service and help desks for IT service management (see Exhibit 2). A full 19 percent of enterprises stated the service catalog as their number-one priority for 2013. In addition, with cloud computing<sup>5</sup> being the number-one trend in the industry<sup>6</sup>, the importance of supporting all user devices, including employee-owned devices, is also growing fast.

### Exhibit 2: IT Service Management Spending Trends in 2013



Source: HfS Research 2013; n = 468 IT Managers in Enterprises

For Caesars Entertainment Corporation, it was important to understand where the company’s IT department stood in terms of maturity on the s-curve and how these trends were reflected in the IT plans and projects.

<sup>5</sup> HfS defines cloud computing as “standardized IT services, based on Internet technologies delivered in a flexible, self-service way.”

<sup>6</sup> In the HfS Research Global IT Trends 2013 survey, IT decision-makers named cloud infrastructure (public, private, hybrid, incl. virtualization) as their number-one spending area for 2013. See Cloud Computing Trends 2013. For the detailed survey results, see the other parts in our document series, e.g. Enterprise IT Budget Trends 2013.

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# The Challenge: Unified Service Management for a Large and Diverse User Base

Caesars Entertainment Corporation, with revenue of around \$9 billion and over 70,000 employees, is the world's most diversified casino entertainment company. Founded more than 70 years ago, the company's resorts now operate on four continents, primarily under the Harrah's®, Caesars® and Horseshoe® brand names. Caesars also owns the World Series of Poker® and the London Clubs International family of casinos.

Not surprisingly, the company's enormous growth and the infusion of technology into the company's products and services created significant strain on Caesars' IT department. The company's IT department did not follow the maturity s-curve rigorously enough. Some capabilities were developed, but not in a stringent fashion and without an overall plan with a defined set of goals. In 2011, Caesars Entertainment Corporation's IT department faced a variety of operational issues, such as severe service outages, the need to support an ever-expanding multitude of end-user devices, a large number of locations with increasingly diverse service expectations, insufficient onsite support staff, and an immature disaster recovery strategy. Complicating matters, Caesars' IT department had yet to standardize IT services, invest in telephone support agents with customer service skills, or properly manage its service providers. In effect, Caesars had grown so big so fast that it was failing to leverage its economies of scale and reduce its risk.

Charly Paelinck, senior vice president of IT and chief technology officer, recognized the opportunity to make Caesars' IT department a benchmark in efficiency and productivity while improving business outcomes for the company. He enlisted the support of one of his key leaders, Melissa Johnson, vice president of shared services, to lead the a project that would create a superior user experience for Caesars' end-users and develop key metrics and tracking mechanisms to monitor performance and enhance the services. "Our business users are our customers," explained Melissa Johnson. "We want to provide the very best service to them."

The team had the following key objectives for the project:

- » Identify IT's position on the s-curve and perform a delta analysis
- » Create a feasible action plan around significant maturity improvements
- » Establish a unified service management approach
- » Identify service risks that need to be minimized
- » Standardize end-user devices and define end-user service levels
- » Streamline IT service delivery and support processes
- » Migrate existing help desk solutions into a centralized IT service desk

- » Prepare Caesars' IT department for future growth
- » Establish a central network and service operating center for global support

## The Solution: Streamline, Outsource and Unify

In March 2012, to address the challenges outlined above, and as part of an overall IT restructuring initiative, the team began an RFP<sup>7</sup> process to improve its service desk department. Importantly, the RFP did not follow the usual rigid structure used by many IT departments that focus solely on compliance with predetermined requirements and obtaining the lowest possible price. Instead, Caesars' process was flexible, providing potential service providers a lot of opportunity to differentiate themselves. It allowed the vendors to propose solutions and cost models based on their expertise and capabilities. This makes a lot of sense, since moving through the maturity s-curve can be done in various ways. In addition, Caesars' goal was to essentially leapfrog some of the s-curve elements. However, Caesars made its overall goals abundantly clear – solutions had to allow for future growth while maturing Caesars' IT service management maturity. It was crucially important that service providers understood that Caesars was looking for a long-term strategic partner. In particular, Caesars focused on three key areas:

1. **A culture of great customer service:** It was essential that any service provider provide qualified people with customer service skills to handle difficult customer conversations and focus on continuous improvement. The service provider would need to understand that Caesars' IT organization truly sets customer service as its top priority.
2. **Best-in-class service desk capabilities:** Caesars' goal was to source an external capability. The team wanted the service provider to demonstrate how it could use its capabilities to create the world-class service desk Caesars required. Additionally, Caesars was looking for integrated technology, sound operations management practices and innovative approaches to customer service such as social extensions to the help desk.
3. **A best-in-class partnership model:** Caesars wanted to know how service providers would ensure the relationship between Caesars' team and its team was managed effectively to reduce risk, leverage economies of scale by looking at other IT capabilities, and develop new ideas to improve Caesars' IT environment.

Out of the four vendors that responded, Caesars concluded that NIIT's proposal presented the most compelling value proposition. NIIT's proposal consisted of five different options, all with different geographical and cost models. Of those options, Caesars chose the one that provided the most value. Service Desk transitioning began in

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<sup>7</sup> A request for proposal (RFP) is a solicitation made, often through a bidding process, by an agency or company interested in procurement of a commodity, service or valuable asset, to potential suppliers to submit business proposals. See [http://en.wikipedia.org/wiki/Request\\_for\\_proposal](http://en.wikipedia.org/wiki/Request_for_proposal).

January 2013 and was completed in June 2013. As a next step, Caesars is interested in extending the NIIT's service desk into a fully-fledged network and service operations center. This strategy would allow Caesars to be proactive with the business in managing potential outages before actually becoming serious – an offering Caesars cannot make yet.

## Insights into NIIT's Services

NIIT Technologies is a publicly held IT solutions organization servicing a mix of customers in North America (39 percent), Europe and the Middle East (35 percent), and Asia Pacific (26 percent). The company focuses on four primary verticals: travel (36 percent of revenue, including logistics, entertainment and hospitality), insurance and financial services (30 percent), and others (34 percent). The company is a preferred IT partner to over 225 clients across 16 countries in these select verticals. With a talent pool of 8000+ professionals, NIIT Technologies follows global standards of data security, infrastructure, BPO and software development processes.

# The Implementation: Transitioning to World-Class

Before Caesars Entertainment IT awarded NIIT Technologies the service desk outsourcing contract in late 2012, NIIT Technologies was already providing some infrastructure management services for Caesars, including:

- » Levels 1, 2, and operational and engineering support for Wintel and network towers, Tivoli Storage Manager, and data backup and disaster recovery
- » End-to-end operational support services for VMware and Microsoft Exchange
- » End-to-end operational support services for the Remedy service desk application and associated infrastructure
- » Change request fulfillment according to Caesars' change management policy and standards
- » Infrastructure product development, test or production environment setup and testing
- » Help desk staff augmentation

In order to deliver world-class service to internal customers, the new project focused on deploying a full service desk with onsite and remote service capabilities to provide level 1, 2 and 3 service support. This service desk took primary responsibility for performance management activities, including SLA reporting, end-to-end incident and problem management, and root-cause analysis. In order to improve the quality of service, a robust knowledge management system was implemented. The service desk is part of NIIT Technologies' core infrastructure offering, so nothing new needed to be developed.

Service Desk transitioning was completed in June 2013 and the desk went LIVE on July 1<sup>st</sup>, 2013. NIIT transition team consisted of transition and operations experts from India and the USA. Four transition team members were dedicated onsite and seven worked from India. Many members of NIIT's transition team have become part of the

operations team, shortening knowledge handover time. NIIT's transitioning methodology consists of two parts: knowledge transitioning and service transitioning. The NIIT team covered all documentation, processes, shadowing and interviews as part of knowledge transitioning. The NIIT team directly started taking service desk calls and handling outages in a phased manner as part of the service transitioning. NIIT's Tech unit had previously completed more than 200 transitions, so its experience reduced defects to a bare minimum and no surprises occurred.

To further enhance Caesars' operations management ability to limit issues from occurring, NIIT also provides infrastructure change management, management of remote devices (including software management and distribution), and a device deployment core team made up of skilled application and infrastructure project managers. Furthermore, NIIT was tasked with building a private cloud for a critical Help Desk application while simultaneously upgrading it. This moves Caesars' IT service management maturity well into the proactive stage, overall a huge achievement.

## The Results: Dramatic Service Quality Improvement

While Caesars' experience with NIIT's solution has been relatively new, the results are remarkable.

The service desk, which was once completely remote and had limited engagement with Caesars' team, was partially moved to Las Vegas, Caesars' headquarters. The onsite presence has proven to be very effective, with both an increase in customer satisfaction as well as a decrease in service reaction times. Before, Caesars' 24x7 infrastructure support service problem resolution timeliness was two hours and 24 hours for levels 1 and 2 issues, respectively. The new team *halved* the response time to one hour and 12 hours, respectively. These are just two metrics that the team tracks in its new and very detailed SLA reporting process. Moreover, by deploying a multi-site strategy, Caesars now has higher team availability and built-in disaster mitigation in addition to the robust business continuity planning that NIIT now performs.

Caesars now has a single unified team for both business continuity operations and service desk. The elimination of handoffs limited communication gaps, avoided finger pointing and introduced measurable metrics.

Not surprisingly, Caesars is very pleased with the improved capability. "NIIT is a partner to Caesars. They look at IT holistically and provide their perspective on synergies and create offerings of strategic solutions," explained Charly Paelinck. "To have a partner who works in a proactive direction as they stay involved to be aware of all areas in IT provides a relationship we can call on at any time."

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# Lessons Learned and Best Practices in IT Service Management Processes

The project has shown a number of important lessons learned which could be generalized:

- » **Flexible RFP processes work.** The added creativity service providers can add, as well as the ability to leverage existing capabilities that organizations might otherwise not include in requirements, creates a fertile ground for both parties to develop more creative solutions that combine the best ideas. While there is a danger of blowing up the project beyond a reasonable scale, strong project management can easily mitigate that risk.
- » **Use an experienced partner and prepare well for the transition.** NIIT Technologies has a long history of successful infrastructure and application transition projects. Caesars is very vocal about the fact that NIIT's experience and good planning paid off handsomely. The selection of NIIT as a strategic partner resulted in a transition that went very smooth indeed.
- » **Mix onshore and offshore service management teams to improve quality and mitigate risks.** One of the key success factors of the project was the addition of an onsite presence by NIIT. Problem resolution times were quickly cut in half.
- » **Business continuity must be part of the initial design, not an afterthought.** Caesars now has a single unified team for both business continuity operations and service desk. This is how best in class companies structure their IT service management teams.
- » **Leapfrogging the maturity s-curve can be done.** If you want to become truly great at customer service, you have to move up the IT service management maturity s-curve. ITIL is an important backbone of IT service management. Using NIIT's experience, Caesars' IT was able to leapfrog a number of steps on the maturity s-curve and is now firmly placed in the proactive phase, with plans to upgrade to predictive.

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## About the Author

### Dr. Thomas Mendel Ph.D.



Dr. Thomas Mendel Ph.D. is Senior Vice President IT Services at HfS Research, where his prime focus is Cloud Computing and SAP Services.

Thomas is an IT industry veteran with more than 15 years of experience in advising IT vendor and end-user clients and performing research-based writing and consulting. He did consulting work with major end user organizations and vendors in many countries.

Thomas is an internationally recognized authority on Cloud Computing and IT Service Management. He also maintains research interests in the areas of infrastructure and applications outsourcing, converging IT and telecommunication technologies and markets, as well as IT to business alignment.

Thomas is best known for his 9+ years of service at Forrester Research, where he held various analyst and management positions. Most recently Thomas had the Global responsibility for serving the Vendor Strategy professionals and leading a team that delivers research to help these professionals. He was responsible for a research agenda that illuminates strategic opportunities and risks, market demand and competitive dynamics, and go-to-market, as well as organizational strategies and the use of emerging technology to improve business results for technology vendors.

Before joining Forrester, Thomas was vice president of the Solution Center Global Network and program director of Global Information Technology Infrastructure at Heidelberger Druckmaschinen AG. He was responsible for the management of the Heidelberg Global Network and the design and rollout of all global infrastructure projects — for example, the implementation of the Heidelberg intranet in more than 60 countries. Prior to joining Heidelberg, Thomas was an IT manager at ABB Kraftwerke AG.

He is in great demand as a conference speaker, both in Europe and North America. Thomas' work has enjoyed wide exposure in the media.

A native of Germany, Thomas is a graduate of business studies at Mannheim University and holds a Ph.D. in computer science from the University of Wales in Swansea.

Thomas has both lived and worked in Germany and the UK but also traveled to many countries both on business and leisure.

In his spare time, Thomas enjoys cooking, skiing, football and rock music.

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