

Case Study

Offshoring Support & Maintenance for Oracle Apps & Satellites



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Objectives

- Ensure scalability of Oracle Apps support organization to sustain the growth of WW intra-group logistic flows
- Reduce and control the Total Cost of Ownership of Oracle Apps

High level solution

- Set up a Global Support Center for Oracle Apps to replace local support teams
- Localize this Technical Center in South East Asia

- **15% savings on steady state**
- **1.6 year payback period**
- **Higher support scalability**
- **Better alignment to regional markets**
- **Industrialized processes**
- **Compliance with ITIL**

Scope of Services

- Corrective maintenance (bugs fixing, data correction)
- Preventive maintenance (action to prevent most frequent incidents, batch treatment follow-up)
- Enhancement - Evolutionary maintenance
- Support to users (level 2 & 3 technical support, answer on functional inquiries)
- Assistance to Oracle Apps project team in the context of Oracle 11i deployment

Organizational model

- Two regional Front-offices (Europe, Asia) and one centralized Back-office (Asia), with respectively 20% FTE and 80% FTE
- Regional offices address local needs and perform requirements analysis
- The Back-office team addresses level 2 and 3 technical support activities

Challenges

- Deployment of Oracle Apps to all subsidiaries in Asia
- Migration of Oracle 10.7 to 11i in Europe and Asia

- Moving from customized and local ERP versions to a "Core model" solution
- Setup of global distributed delivery model in place of traditionally intimate and informal assistance
- Extension of scope to Oracle Apps satellites applications (MES, PLM)

Project Key Figures

Financial facts

	Year 0	Year 1	Year 2	Year 3	Year 4
	2004	2005	2006	2007	2008
Cost structure (in €)					
External FTEs	9,0	12,2	12,2	12,7	15,2
Supplier/External cost (fixed price)	998 100	797 000	797 000	844 000	950 700
Transition Costs (Net)	117 704	-	-	-	-
Ramp-up (Asian team)	217 250	-	-	-	-
Ramp-down (French team)	- 166 146	-	-	-	-
Transition Manager	45 000	-	-	-	-
Travel cost for Transition	21 600	-	-	-	-
Customer/Internal cost	43 500	72 500	72 500	72 500	72 500
Travel Costs		12 500	12 500	12 500	12 500
TOTAL Recurrent costs	1 041 600	882 000	882 000	929 000	1 035 700

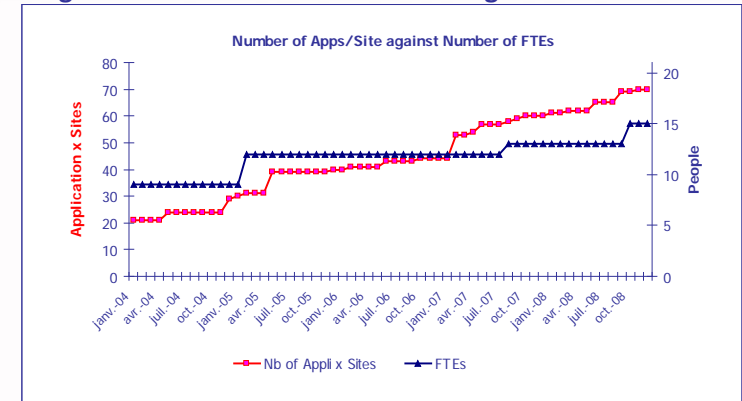
Scope

	2004	2005	2006	2007	2008
Time zone Coverage (hours per day)	12 hours	16 hours	16 hours	16 hours	16 hours
Number of Subsidiaries x Apps	33	36	41	49	62
Number of Issues per year	575	853	1271	1575	2563
Number of Enhancements per year	87	99	120	211	294
CSAT (max = 10)	8.2	7.5	7.9	8.3	8.4
Scope extension (base 100 in 2004)	100	142	206	260	414

ROI / Payback period

	2004	2005	2006	2007	2008
Costs if Support in France	1 041 600	1 041 600	1 041 600	1 084 289	1 297 731
Actual cost with Support in Asia	1 159 304	882 000	882 000	929 000	1 035 700
	-11%	15%	15%	14%	20%
ROI Cumulated	-11%	4%	19%	34%	54%

Alignment on business evolution and growth



ORACLE

APRISO

MatrixOne

