



Improve IT Performance and Reduce Cost

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Introduction

Are you an Executive Manager with escalating IT cost? Are you frustrated by your IT departments thirst for cash? Are IT managers always too busy firefighting to discuss your business issues? This paper discusses the relationship between IT and the business and how dynamic knowledge management can help.

In many businesses the ICT department is an overhead, (not revenue generating) nevertheless the department seems to devour cash. It seems that barely a week goes by when the IT Manager/Director does not present plans for yet more money. The sad truth is the expenditure can probably be justified; deep down you know the importance of the IT department that's why you employed a professional to manage the company's critical asset – Data. In today's digital world protecting your companies data is a business critical mission, the modern IT manager runs and supports business systems across the enterprise and interacts with all key departments, Sales and Marketing, Operations, Production, Purchasing, Accounts etc. Business decisions are made daily with the management information that is produced, supported and maintained by the IT Department. Knowing this does not ease your frustration, it adds to it because you feel trapped between a rock and a hard place. Your natural reaction is to restrict budgets and have the Head of ICT report to the Head of Finance in an attempt to control expenditure.

On the other side, because of negative reaction to strategic investment plans, IT Managers often find it difficult securing approval to invest in software and services that aid the smooth running of the IT department. This is in part due to a combination of lack of understanding of the requirement by senior managers, a business case that does not appear to stack up (no return on investment) or worse, no business case at all and compound frustration with the cost of running IT.

So how do you solve this conundrum; improve performance of the IT department and reduce man hours at the same time?

All businesses are different and face different challenges, there is probably no quick fix; however the first step is to rebuild a relationship with IT and include IT in the executive management planning process. Shared first-hand knowledge of the medium and long term goals of the business will enable the IT manager to produce strategic investment plans that match the ambition and goals of the business. Alongside this new found confidence the IT manager can make smaller tactical investments that lead to operational efficiencies in running the department. This paper considers how an investment in intelligent knowledge management can free up significant IT man hours and reduce the skill level required for frontline IT staff. All sound too good to be true... it's not. The adoption of a modern IT Helpdesk solution with integrated and dynamic knowledge management will enable IT to close more calls at first contact and making significant man hour savings.



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Effort Required

Simplisys Ltd (Citrus Service Desk) recently performed a study of average call duration across a number of businesses, and found on average organisations incurred exponential increase in effort (time required) to deal with incidents at second, third, fourth contact. The study found the multiple being 5 times the effort at every step (escalation).

How can this be? Let's consider what happens when a call is logged and why the amount of effort grows exponentially in more detail:

10 Minutes average time taken for 1st contact resolution: Initial contact by the client to the helpdesk and the helpdesk agent time in getting to the root of the issue, logging the call and completing.

Time taken breakdown: Client 5mins, Agent 5mins

50 Minutes for 2nd contact: Agent appraises themselves with the incident, Agent works out a solution, Agent contacts the client, asks questions before performing actions.

Time taken breakdown: Client 20mins, Agent 30mins

250 Minutes for 3rd contact: Further investigation performed by agent, possibility of escalating the incident to 3rd line agents, Problem managers etc.

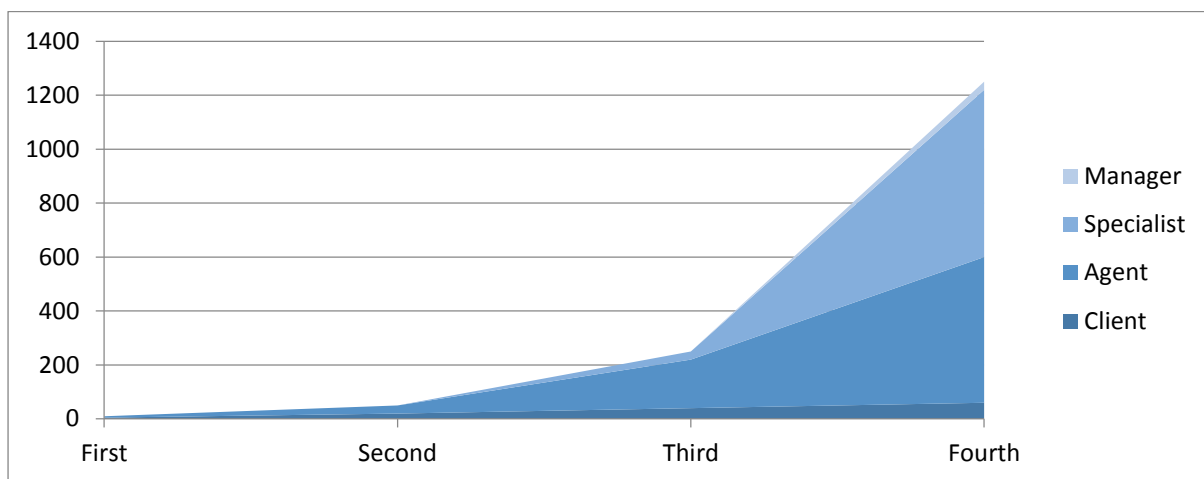
Time taken breakdown: Client 40mins, Agents 210mins

1250 Minutes for 4th contact: In depth fault diagnosis. Issue dealt with by deep technical support involving management time in managing SLA and agents.

Breakdown: Client 60mins, Agents 1160mins, Management 30mins

Who spends what time (minutes)?

	First Contact	Second Contact	Third Contact	Fourth Contact
Client (Caller)	5	20	40	60
Agent	5	30	180	540
IT Specialist	0	0	30	620
Manager	0	0	0	30



It is important to remember that end users (callers) are always involved:

An end user is the most important part of the support equation. They are involved from the start and are impacted to various degrees of disruption to their core working practices. It's the primary function of the support department to return the user back to normal as soon as possible with the least impact to them and colleagues relying on the effected working process.

One way to reduce support costs further is to empower the end user with knowledge. Citrus Service Desk provides and promotes knowledge management not only to empower agents but also end users. This has not been discussed here as it will be the subject of a separate white paper.

So how does Knowledge Management reduce man hours?

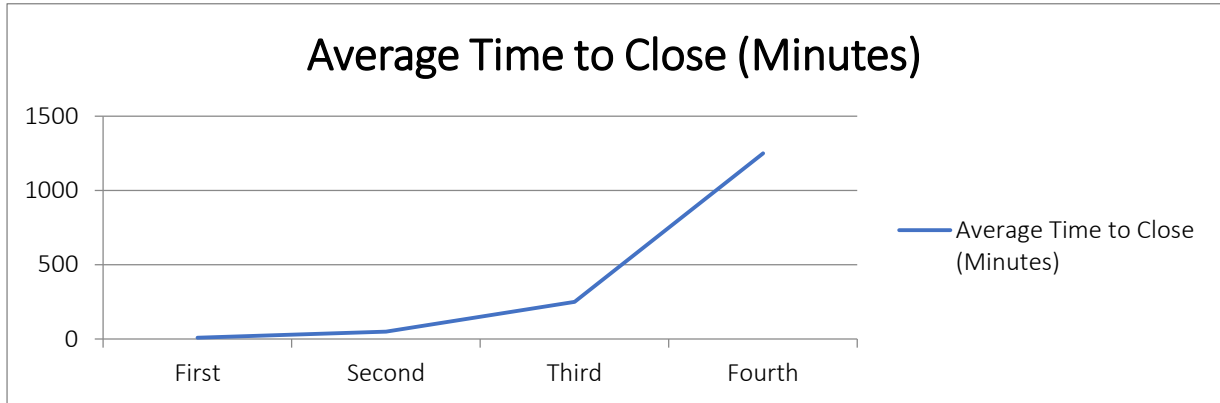
The illustration below shows the effect on man hours of making a modest improvement in the number of calls closed at first contact. Clearly the illustration will not necessarily be accurate for every organisation but the principle is sound and IT Managers are challenged to do the maths for their own organisation. This illustration is purely numerical and does not take into consideration the positive effect of improved goodwill that is also gained by closing more calls quicker.

Theoretical Scenario:

Company X had previously invested in a Service Management suite that did not include dynamic knowledge management; they are a professional department and manage to close 50% of incidents at first contact, 30% at second contact and 20% at third contact. They are looking to make modest improvements and have set a target to increase the number of calls closed at first contact by 10% and reduce the corresponding number at second and third contact. For the purpose of this illustration we have assumed company X logs on average 1000 incidents per month.

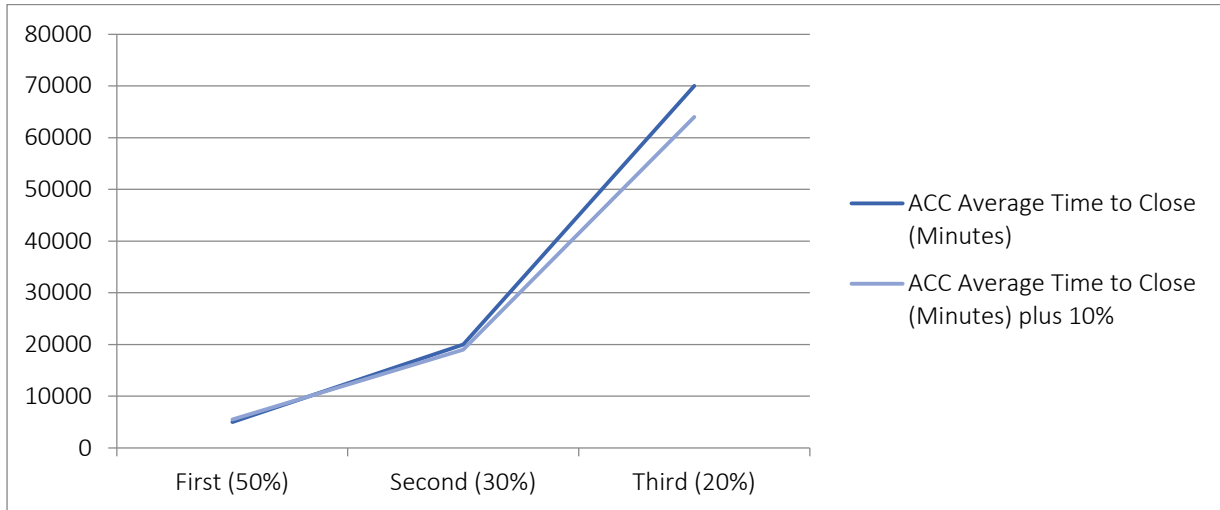
As discussed previously the average time taken to close a call is multiplied 5 times at each contact (escalation) see below:

Contact	Average Time to Close (Minutes)
First	10
Second	50
Third	250
Fourth	1250



Contact	Number of Calls Closed per Month	Average time to Close (Minutes)	Number of Calls per Month 10% improvement	Average Time to Close (Minutes)
First (50%)	500	5000	550	5500
Second (30%)	300	15000	270	13500
Third (20%)	200	50000	180	45000
Total	1000	70000	1000	64000

Effect of 10% improvement: Increase the number of closed at first contact.



Conclusion:

Closing 10% more calls at first contact can save a significant amount of time. In the illustration provided "Company X" saved 6000 man minutes per month, which equates to 100 man hours per month by increasing the number of calls closed at first contact by just 10%.

Analysis of the time consumed per role produces the following:

All figures are given in minutes

	Employee	Employee 10%	Saving Employees Time	Analyst	Analyst 10%	Saving Analyst Time	Specialist	Specialist 10%	Saving Specialist Time
First Contact	2500	2750	(250)	2500	2750	250	0	0	0
Second Contact	6000	5400	600	9000	8100	900	0	0	0
Third Contact	8000	7200	800	36000	32400	3600	6000	5400	600
Total	16500	15350	1150	47500	43250	4250	6000	5400	600

Assuming the following UK average salaries and contracted working hours equal 40 per week.

Industry *average salaries for the key IT posts involved in support are as follows:

Employee – 25k per annum (£13.02 per hour/ 21.7 pence per minute)

IT Analyst – 25k per annum (£13.02 per hour/ 21.7 pence per minute)

IT Specialist – 32k per annum (£16.66 per hour / 27.7. pence per minute)

IT Manager – 37k per annum (£19.27 per hour / 32.1 pence per minute)

*Average salary source TotalJobs.com



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Total saving in terms of cost (average salary) equates to:

Employee – 1150 minutes @ 21.7 pence = £249.55 per month.

IT Analyst – 4250 minutes @ 21.7 pence = £922.25 per month.

IT Specialist – 600 minutes @ 27.7 pence = £166.20 per month.

Out of the 6000 minutes of working time saved 1150 minutes or 19 hours (19%) equates to increased operational efficiency and 4850 minutes or 81 hours (81%) IT departments time spent fire-fighting issues as they arise.



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