



TRAINING AND CONSULTING FIRM INCREASED OPERATIONAL EFFICIENCY

FRANKLINCOVEY

/// BUSINESS VALUE CASE STUDY



FranklinCovey needed to lower costs and redirect resources without sacrificing service. Best Shore® solution by EDS, an HP company, optimized applications support and reduced costs while achieving high levels of service in critical business areas.

CLIENT PROFILE

www.franklincovey.com

FranklinCovey is the global leader in effectiveness training, productivity tools, and assessment services for organizations, teams, and individuals.

Industry:

Consumer Industries & Retail

Founded: 1997

Headquarters:

West Valley City, UT

Revenue: \$282 million

Business Needs Addressed:

Growth
Productivity

Highlights

Goal

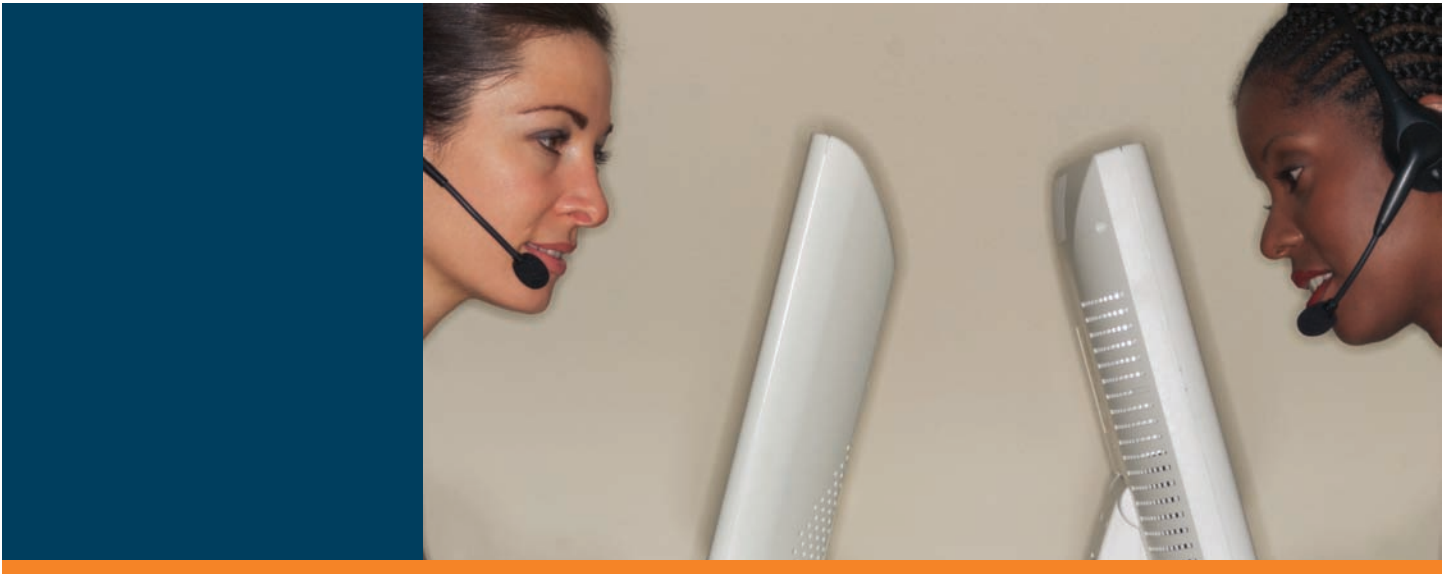
Lower operational costs associated with applications support services while maintaining the current levels of support and services for key business applications.

Solution

EDS implemented a Best Shore support model, allowing the delivery of multi-tiered support from a variety of global locations, and optimizing resources to solve critical business needs and changes in applications software.

Results

FranklinCovey realized a cost savings of 20 percent, or \$4.2M over the previous contract costs, while experiencing 99 percent and above performance on critical service levels, including response and resolution time, availability, and service hours.



EXECUTIVE SUMMARY

“The EDS Best Shore model has allowed us to optimize our on-shore and off-shore resource mix, managing our business critical applications through the most efficient model and providing quick responses as our needs change.”

Mike Connelly
Vice President,
Information Technology
FranklinCovey

FranklinCovey, with more than \$280M in revenue from its core offerings, wanted efficient and effectively managed support of its key business applications. Though pleased with its current applications support contract with EDS, FranklinCovey needed to reduce application support costs and redirect resources to its business units without impairing service. With EDS' Best Shore solution, FranklinCovey optimized its Applications Support Help Desk with operational and cost savings of 20 percent, or \$4.2M. Franklin-Covey also enjoys higher-skilled resources, more support personnel and shorter issue resolution times, through the Best Shore solution's "follow the sun" approach. Throughout the engagement, EDS reached service levels greater than 99 percent in critical business areas of availability, response and resolution time, and service hours.

The Challenge: Decrease Applications Support Costs While Maintaining Service Levels and Availability; Channel Savings to Other Core Areas

FranklinCovey was in the midst of restructuring its offerings and was examining where to implement savings and best support its new market approach. EDS had been providing applications support services covering key business applications, which supported FranklinCovey's revenue-generating activities for the previous five years. These applications included ERP Software, Tax Engine and EDI Software, Retail Application Software, E-Commerce Platform, Financial Software, CRM products and Internal Project-Sharing Applications.

EDS carefully managed, communicated and implemented all code changes, fixes and patches to have minimal impact on the business.

Given the challenges of declining revenues in the post-9/11 business environment, FranklinCovey introduced a number of initiatives to reduce selling, general and administrative costs, so they could be better aligned with the company's new business reality. As part of one of those initiatives FranklinCovey challenged its IT partner, EDS, to find a better way to manage these business-critical applications - including ways that might provide an even higher level of service while minimizing the business risk.

What FranklinCovey Wanted

FranklinCovey wanted an IT partner with the expertise to most effectively manage its business applications support needs, while meeting its financial and service level requirements. The key criteria were:

- Reduce outsourcing expenses
- Maintain the skill set and experience of support resources
- Provide additional resources that could support new application implementations and upgrades
- Provide control and flexibility wherever resources are deployed – internal FranklinCovey, and EDS Best Shore

FranklinCovey Chooses EDS

The superior service EDS had provided to FranklinCovey through the Applications Management and Delivery contract over the previous five years provided a baseline for FranklinCovey to evaluate a change to the outsourcing approach. The in-place agreement enabled a team of FranklinCovey and EDS employees to provide the best services from the most logical resources. EDS' Best Shore solution raised this arrangement to a higher level, through greater availability and higher skill levels. It was critical that the vendor chosen be able to work within an environment that was partially in-house and partially outsourced, while still seamlessly providing application support services to the organization.

The Bottom Line for FranklinCovey

By modifying the contract, the joint team significantly increased the benefits to FranklinCovey. A key component of the success was the joint approach to defining which activities were best suited to be handled on-site, directly by the end user and which could be supported through the Best Shore resources. One major advantage was that application requirements could be gathered during the day in Salt Lake City, and then sent to the developers to work on through the night, with testing ready to be implemented the next day. Change management is a critical component of this process, along with implementing fixes, patches and upgrades. FranklinCovey found the 24-hour clock and structured change management process worked well. Domestic resources provided final code review and managed the entire process to ensure continuity in meeting and exceeding all compliance standards, such as Sarbanes-Oxley.

The team also considered the impact on business continuity and the level of business risk of this decision, thereby ensuring that business interruptions were minimal and transparent to users. FranklinCovey experienced several benefits in service through the process as well - with more staff available to support the applications, access to higher skilled resources, and minimized impact on business continuity.

These key improvements, all met while experiencing significant costs savings, evolved in different ways. Accepting the Best Shore model was easy because of the successful, five-year-old outsourcing model. Before the transition, the team planned extensively, and thoroughly considered the placement of roles based on business risk and continuity. Once the Best Shore model was implemented, 24-hour availability brought huge benefits and increased the continuity of access to the applications. Problem resolution now typically occurs overnight as does the implementation of fixes, patches or new versions of software, minimizing impact on the daily business. With a strong change management process in place, all changes underwent sufficient testing and review, with minimal disruptions to productivity, thanks to the 24-hour schedule.

FranklinCovey's Bottom Line for the Project:

A 20 percent operational cost savings, representing \$4.2M over the remainder of its contract with EDS, and an increased level of responsiveness and support that allows FranklinCovey to focus on its core services and offerings.

Finally, the mix of FranklinCovey employees and EDS Best Shore resources actually freed in-house employees to support FranklinCovey’s needs. This scalability allowed domestic staff to focus on high business value activity, while much of the support work was done by the increased staff at the Best Shore centers.

With the transition, FranklinCovey has continued to experience high service levels and support coverage, with problem resolution now occurring overnight and without interrupting the business day. In addition, the skill level of the EDS’ Best Shore centers is typically a CMMI level 4 or 5 certification, providing FranklinCovey with a highly skilled and knowledgeable support staff for its critical business applications. All this has come with a 20 percent operational savings to FranklinCovey, allowing it to focus on realigning its core business services to offer the best solution to the dynamic, technology-driven market. And the market has responded. Prior to the EDS engagement, customer satisfaction was an impressive 90 percent; today, it’s a staggering 98 percent.

“Changing to the EDS Best Shore operating model has had the desired outcome, as IT can now provide 24X7 application support to address the business’ needs, while enhancing the IT resources skill set without increasing costs.”

Mike Connelly
 Vice President,
 Information Technology
 FranklinCovey

Figure 1: Current Service Level Performance

Service Category Level	Service Level	Performance Level
Availability	99 percent	99.95 percent
Response Time	30 min	99.95 percent
Resolution Time	8 hr	99.85 percent
Service Hours	24 x 7	99.95 percent

Figure 2: Benefits



Figure 3: Benefits

Objective	Benefits Achieved
Reduce outsourcing expenses	FranklinCovey experienced a 20 percent operational cost savings of \$4.2M over the remainder of its contract with EDS
Maintain skill set and experience of support resources	With a smooth transition ensuring that all onshore knowledge moved to EDS Best Shore centers, there was no degradation in skill sets, and the CMMI certification levels of the support staff increased
Provide additional resources that could support new application implementations and upgrades	Based on the allocation of outsourced resources, additional staff provided FranklinCovey with more support and a “sun never sets” environment for applications development and testing

FranklinCovey Looks to the Future

The partnership established between FranklinCovey and EDS has grown stronger through the implementation of this Best Shore solution. Service levels were always high, even under the earlier outsourcing model. Today, the availability of resources and the ability to respond to new requests and development needs overnight has increased satisfaction, providing benchmark levels of business continuity. With sound operational guidelines monitoring the development and implementation of critical changes and updates to FranklinCovey's core business applications, FranklinCovey can remain focused on its business services. As FranklinCovey continues to evolve its approach to its market, it looks to EDS to continue providing it with high levels of flexibility and service.

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About EDS

EDS, an HP company, is a leading global technology services provider, delivering business solutions to its customers. EDS founded the information technology outsourcing industry more than 46 years ago. Today, EDS delivers a broad portfolio of information technology and business process outsourcing services to customers in the manufacturing, financial services, healthcare, communications, energy, transportation, and consumer and retail industries, and to governments around the world.

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