



Axon

- » NZ IT company pioneers service management as a service (SMaaS) using BMC
- » Directly attributes new multi-million dollar revenue stream to its BMC investment

BEFORE

- » Service management revenues worth 20-25 percent of overall company revenue
- » Reactive server-centric approach to systems management
- » Deficient reporting, handicapping billing, and cost allocation
- » A vision for First Mover Advantage in an emerging market for IT service Management services in a SaaS format
- » Rudimentary picture of likely service benefits
- » Domestic focus

AFTER

- » Service management revenues now contribute 40 percent of overall company revenue
- » Panoptic view of infrastructure and a picture of likely impacts from points of failure
- » Automated report generation and billing engine integration
- » Two new discrete SaaS based management services currently unmatched in the market
- » Forecast net benefits of service prior to implementation
- » Global aspirations



GEOGRAPHY

New Zealand

INDUSTRY

IT services

SOLUTIONS

BMC Service Assurance:
 BMC Performance Manager
 BMC Event Manager
 BMC Service Impact Manager

BMC Service Support:
 BMC Remedy Service Desk
 BMC Remedy Change Management
 BMC Remedy Knowledge Management

BMC Atrium:
 BMC Service Level Management
 Atrium CMDB

ICT services companies have been quick to seize the market opportunity for utility services. Until recently, this has mostly involved abstracted capacity provision – typically storage, servers and networking. In higher-priced labor markets, like New Zealand, ICT service operators are naturally disadvantaged by a rising acceptance of large-scale providers in emerging markets, including India and the Philippines, where skills are cheaper and economies of scale greater. Consequently, in this part of the world, what was a sure thing is no more, and leveling the playing field is the new strategic imperative. New Zealand-owned ICT services provider Axon – one of the country's largest – has gone further, changing the services game by evolving traditional infrastructure delivery and management offerings to an on-demand platform that plugs in customers to IT Infrastructure Library® (ITIL®)-aligned systems management services. Using BMC Service Support and BMC Service Assurance technologies to turn the tables on its competitors, Axon is effectively delivering service management as a service (SMaaS), which is fast transforming its entire business.

REDEFINING SERVICE

Axon CEO Scott Green says demands for service quality, performance measurement, and proactive service management have increased as customer business systems pivot on Intel and Wintel technologies. Recognizing the connection, Axon invested in BMC, in 2004 acquiring BMC Remedy Helpdesk, and the small-business version of IT performance monitoring software BMC Performance Manager. Then concentrating on government and private sector clients with 100-to-500 seats, Axon wanted to bring more rigor to infrastructure management services, focusing on request management, escalation management, and service level management. But what started as a largely reactive server-centric approach was reassessed as the company embraced ITIL V2 and ITIL V3.

“Our aspiration of becoming NZ’s Most Recommended ICT services provider informs our actions and thus delivering customer satisfaction has always been fundamental to us. However, the rest has changed from ‘How quickly can you repair my servers?’ to ‘How available are my servers?’ to ‘Where is my infrastructure in a single point of failure context and how does that impact the services I deliver as a business to my client?’” Green says.

NO EASY FEAT

A diverse customer portfolio spanning multiple sectors and engagements has confronted Axon with a myriad of technologies. Of these, virtualization is most pervasive. (Axon is one of New Zealand’s largest deployment houses for VMware. Eighty percent of its engagements involve virtualization). However, where virtualization addresses previously squandered capacity, the act of decoupling hardware and operating systems presents a dangerous flipside in a hidden minefield of additional management complexity.

In Green’s mind, complexity isn’t given sufficient attention and often ends up derailing gains expected from new technologies. “Not a lot of time is spent discussing the other side of the coin – the extra management required to achieve your goals. For example, virtualization promises to lower hardware and management costs, but a poorly built virtual server will create more problems than a poorly built physical server.” Budgets are another challenge. Though not necessarily smaller, they are increasingly redefined to span requirements that haven’t traditionally sat within IT, addressing issues like sustainability, energy consumption and consolidation. “But IT doesn’t pay the power bills,” Green says. “So we’re having to move to a higher value conversation with customers and ask, ‘What’s your

IT costing you?’ and understand the ripple effect of our engagement and get the customer to buy into the idea that it might increase IT costs, but their company costs less to run.”

“The BSM model is a very good customer-facing articulation of where we’re going and how we expect to improve our customers’ environments. If you look at our core services around application platform management, delivery and service optimization, the BSM story is our story. We can point to wins where the incremental contribution we’ve got from new contracts has repaid the investment in BMC multiple times over.”

SCOTT GREEN
CEO

CHANGING THE GAME

Axon’s decision to significantly advance its BMC offering was made in 2007. Axon was eyeing new revenue streams and required advanced tools to execute. It had to improve facets of its reporting and services terminology, and embed a system capable of managing multiple service level agreements for multiple customers and contracts, with fewer resources. Multi-tenancy was critical. Going to market, the deciding factor was the BMC Software Business Service Management (BSM) philosophy, which Green says can be bought into without having to subscribe to the entire framework.

“Other vendors appeared to lock you into an entire product set,” he says. The more strategic backdrop was Axon’s intended launch of service management as a service, answering the call for tools and processes to run IT, but making them available in a fashion that doesn’t require capital investment or create new footprints.

Says Green: “The underlying trend is cost consciousness, more so in the current economic climate. To drive more value at the front end of customer businesses requires tools and processes to run the backend. But while IT is critical, the actual tools and processes aren’t – they’re almost a necessary evil. Our pitch, using the BMC platform, is to remove this worry for customers,

it's about making ICT easy for them. Whether they use our people, their own people, or a combination, it doesn't matter. We have a unified, singular IT management solution."

Axon's upgrade, principally BMC Service Support and Service Assurance solutions, has embedded BMC Remedy IT Service Management Suite and BMC Performance Manager, including BMC Remedy Action Request System; Atrium CMDB; BMC Remedy Service Desk, BMC Change Management, BMC Service Level Management; BMC Remedy Knowledge Management; BMC Event Manager; BMC Service Impact Manager; and BMC Service Management Process Model.

"We called it buying ourselves a ticket to the game," Green says. "We saw BMC as our gateway to really competing in the enterprise, which has proven true." The services platform is promoted as Axon Service Manager and Axon Performance Manager.

AT THE COALFACE

Green says Axon Service Manager, which is based on BMC Remedy IT Service Management Suite, is arguably market leading. "We can implement an enterprise service desk solution within 30 days, including training. Not only do customers avoid any capital costs, but we're also able to quantify and forecast the net benefits of the SaaS service for each customer in advance of the SaaS service being implemented," he says. "The business case is compelling. Customers can expect higher systems availability, increased user satisfaction with fewer problems fixed more quickly, and significant overall time and cost savings from improved system administration and management." Internally, Axon has greatly accelerated the speed at which new agents are productive. It once took agents three-to-four weeks to become fully productive. It now takes approximately half that time. One of Axon's foundation customers is Hamilton City Council, for whom Axon supports and manages 670 desktops, IT procurement, and Microsoft software licensing. Debbie Manktelow, support team leader for Hamilton City Council's Information Management Unit, describes Axon's Service Manager as the foundation for moving forward with ITIL. "The visibility of information has helped us to improve customer service, with the intention of increasing user satisfaction," she says. "We now have a single unbroken link between incidents and changes and currently working on linking problems into this. Eventually that is going to result in a reduction of the number of incidents, as causes and effects are made visible therefore we can become more proactive through our problem management rather than reactive, as we predominantly are now."

More than 40 clients use Axon Performance Manager. One of New Zealand's largest electricity providers, Mighty River Power, uses both Axon service offerings. In 2008 the company signed a three-year, multi-million-dollar deal for a broad range of services supporting its 200-plus network servers and 1,000 desktop users. Mighty River Power group IS service and operations manager Jocelyn Fausett says the service agreement with Axon is aimed at enhancing user satisfaction and improving infrastructure efficiency and availability.

In switching to Axon, the redefined service model functions as a single virtual team, using the same systems as the Axon people servicing their account.

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Other customers include Tourism New Zealand, broadcast and telecommunications networks provider Kordia, and insurance giant Tower.

BIG WINS

At the highest level, Green calculates return in two ways: new business, and renewed customer contracts directly linked to BMC. In 2004, Axon's managed services book accounted for 25-30 percent of the company's total revenue. Today, managed services contribute 40 percent of overall revenues that have grown across the board. He says Axon's BMC platform was pivotal to the signing or re-signing managed services contracts with Tower and Hamilton City Council, and winning contracts with Mighty River Power, Kordia, and Tourism New Zealand. "If we weren't evolving our service offerings, we'd be at risk of losing preferred partner status," Green says. "We can also point to wins where the incremental contribution we've got from those new contracts has repaid the investment in BMC multiple times over. The BSM model is a very good customer facing articulation of where we're going and how we expect to improve our customers' environments. If you look at our core services around application platform management, delivery, and service optimization, the BSM story is our story. The great thing about the BMC platform is that we're able to develop those capabilities on a modular basis that fits our customers evolving requirements."

FUTURE VIEW

Axon is thinking globally and plans to promote its services platform throughout Asia Pacific. Its existing 200-plus customers, particularly those using earlier versions of BMC Remedy Service Desk, offer immediate opportunities. Combined with new account wins, the company forecasts managed services revenue to outstrip the rest of the business. And when once New Zealand businesses obsessed on the tyranny of distance – from new markets and opportunities – Axon, by virtue of its software-based service management model, is as good as there. Distance is no more a plus than a minus. "The question is about approach," Green says. "One of the exciting things about presenting ITSM in a software-as-a-service format is that as our customers mature, they're able to wrap their business capabilities around our service offerings. We become not-optional as a service provider, and that sort of stickiness is unique to what we've got."

ABOUT AXON

Axon is a New Zealand-owned provider of ICT services. In 2008 it was identified by CIO Magazine as a Top-25 New Zealand IT company.

BUSINESS RUNS ON IT. IT RUNS ON BMC SOFTWARE.

Business thrives when IT runs smarter, faster and stronger. That's why the most demanding IT organizations in the world rely on BMC Software across both mainframe and distributed environments. Recognized as the leader in Business Service Management, BMC offers a comprehensive approach and unified platform that helps IT organizations cut cost, reduce risk and drive business profit. For the four fiscal quarters ended Dec. 31, 2008, BMC revenue was approximately \$1.88 billion. Visit www.bmc.com for more information.

