



I D C C U S T O M E R S P O T L I G H T

Quinnox's Application Management Services Seed Innovation for Coca-Cola Enterprises

April 2017

Sponsored by Quinnox

Introduction

This IDC Customer Spotlight analyzes the benefits Coca-Cola Enterprises (CCE) was able to realize through its engagement with Quinnox.

CCE, which merged with other bottlers in 2016 to become Coca-Cola European Partners (CCEP), is the world's largest independent Coca-Cola bottler and generates revenue of around \$20 billion. With more than 25,000 employees, CCE serves 13 countries in Western Europe and the Nordics and reaches 300 million consumers with its products.

With more than 40 company acquisitions over the past decade, CCE faced key challenges with constantly integrating new legacy applications into its overall portfolio each time it acquired a business and optimizing its own IT resources for ongoing application management. Quinnox helped CCE overcome these challenges by taking over CCE's ongoing application management activities. In addition, Quinnox served strategic roles for ongoing application development and numerous, specialized application implementations. As a result, CCE was able to free up its internal IT resources to focus on more IT-enabled business innovation work and provide greater levels of supply chain visibility, customer intimacy, and engagement to its line-of-business constituents.

Solution Snapshot

Organization: Coca-Cola Enterprises

Operational challenge: Transform application development and management to fortify the business' competitive advantage, source innovation, and reduce costs

Solution: Multidisciplinary services in application development, application management, and systems integration

Project duration: 10+ year outsourcing relationship

Benefit: Business effectiveness and efficiency: increased leads, enhanced sales engagement, shortened sales cycles, supply chain visibility, and increased coordination across organizational silos

Frequent Acquisitions Create Headaches for Application Management

For the past decade, CCE conducted more than 40 different mergers and acquisitions to grow its business, enhance its competitiveness, and expand its presence in Europe. Along with those acquisitions, the company's CIO faced recurring issues: assimilate various legacy systems into CCE's application portfolio and respond to evolving business needs at the speed of business change. An ever-growing set of applications, increasingly divergent technology stacks, and the need to ensure that internal IT teams had the skills to support all the applications elevated the challenges that the CIO had to overcome. Through each acquisition, the CIO had to deal with the following challenges:

- **Increased costs for application support.** Continually adding disparate applications to the portfolio drives up application management costs. Organizations must train existing resources to learn the applications or hire new resources to effectively support and maintain the applications. CCE had to run the existing application portfolio while integrating newly acquired legacy systems as well as balance maintenance and upkeep of existing and newly acquired legacy applications. The CIO's objective of driving IT service levels higher while keeping costs in check was a constant struggle and elevated CCE's costs because the organization needed to build and maintain a talent-rich resource pool to support newly acquired niche applications.
- **Inability to provide value-added thought leadership to the business.** IT spent 95% of its budget on running, managing, and maintaining the application portfolio. That left only 5% of the money to focus on devising ways that add value to line-of-business areas to create new revenue channels, develop new methods to engage with customers, and reduce operational costs. To create a value-added IT organization for the business, CCE was challenged with switching its focus from keeping the lights on for application portfolio management and reskilling its internal IT resources to focus on IT innovation.
- **Larger divide between IT and the lines of business.** Because IT had to spend the vast majority of its time doing routine application maintenance, it spent very little time helping the business devise new ways to engage with customers and open new revenue channels through innovative technology solutions. IT was seen not as an enabler of business transformation but as a barrier to business transformation. As a result, the organizational dynamic rift between IT and lines of business was at risk of expanding.
- **Increased risks for resource and knowledge attrition.** Frequent company acquisitions and ongoing assimilation of niche applications into the application portfolio not only created challenges for CCE to ensure resources were skilled in the applications but also created risks and challenges for CCE to preserve the knowledge base and skills should resources leave the organization. CCE had to protect against the downside risk of resource attrition and avoid spending too much of its budget on bringing new resources onboard as well as skilling new resources.

Turning Application Management into a Competitive Advantage

Faced with constant change at his organization, the CIO needed to develop an IT strategy that fostered the best and most efficient support model to run CCE's existing application portfolio. As part of that effort, he sought to acquire and retain best-in-class development capabilities while establishing effective governance structures and metrics to continually monitor and measure IT's ability to stimulate and support business innovation across all areas of the company

Craft the Right Sourcing Strategy

To create a value-added IT organization, the CIO transformed his internal IT organization to be more of a value-added service to the business. Along those lines, he switched the focus of his resources away from routine activities of "running the applications and keeping the lights on" and focused internal IT energies elsewhere. His goals were to:

- **Improve existing IT personnel with new skills.** A top initiative for enabling business transformation was reskilling CCE's internal IT resources to be more intertwined with the lines of business. The CIO needed to progress the IT culture that had been in place before his arrival and evolve to a culture where IT not only was providing technology solutions but also was offering ideas on how to leverage current technologies to catalyze business innovation. He empowered his IT teams to help the business brainstorm new ways of doing business that were more effective and efficient using technology and advanced tools, such as infusing mobile applications as part of prospecting new customers and driving stronger customer experience while enhancing salesforce nimbleness and effectiveness. To this end, the CIO helped his IT teams build more acute business acumen and skills so that IT could present business ideas coupled with technology solutions to empower them.
- **Separate roles and responsibilities and establish success metrics.** The CIO saw the shift in skills effort as an opportunity to offload certain routine and complex application management work to a service provider partner. By offloading various portions of the application management work, CCE not only could free up its internal IT resources to focus on other "business value added" initiatives but also could tap into deep and niche technology skills that the service provider possessed to drive realization of business value more quickly. Leveraging a service provider could help speed up application management activities as a result of automation tools the provider could bring. Because of the IP assets a service provider possesses for application management, CCE could establish higher service-level standards for application availability, speed of application delivery, and reduced risks to business operations.

Leverage Past Experience and Relationships to Fortify the Strategy

Having had a prior relationship with Quinnox at a large household appliances company, the CIO was familiar with utilizing a third-party service provider for application management. In that prior experience, which spanned more than five years, Quinnox had demonstrated an ability to learn new technologies, quickly build expertise across a variety of legacy platforms, and effectively support the platforms. According to the CIO, throughout the relationship, Quinnox had "kept its quality of service delivery at the top." As a result, the CIO felt Quinnox would be a strong asset to support his new role at CCE.

Effectively Manage the Risks

By leveraging Quinnox to handle ongoing application management for multiple niche application systems, the CIO was able to circumvent the risks of resource attrition and rising application management costs as well as improve CCE's IT service levels to its business consumers. However, the CIO was well aware that simply sourcing application management activities to any third-party services firm doesn't automatically generate success. The CIO leveraged wisdom gained from prior

experiences where he had outsourced certain application work to other large global service providers but found out over time that occasionally some of those partners weren't the right fit for the work he was outsourcing. Driven not to repeat those past experiences, the CIO aimed to:

- **Match the provider and organization cultures to ensure a long and healthy relationship.**
To ensure a successful application management service provider relationship, an organization must understand whether the provider's culture is highly congruent with its own. While a service provider may deliver against its statement of work, sometimes that doesn't account for the organizational dynamic risk of what makes people work well together. The partner had to have the right culture and mindset, beyond the contract, to work effectively with CCE business units and IT resources. Otherwise the relationship and business objective would be unsuccessful. The CIO explained that Quinnox consistently was flexible and highly attentive to CCE's needs — a key differentiator versus other providers the CIO had used in the past.
- **Ensure continuity of service delivery to safeguard against business disruption.**
Organizations need to effectively manage change when human resources leave the organization for other opportunities. Many organizations don't think about this as part of their service provider relationships, but even service providers have to manage knowledge sharing and handoff when they face resource attrition. Service provider resource attrition can have detrimental effects on the buyer organization. The CIO explained that Quinnox consistently addressed any resource attrition in its service delivery without ever affecting CCE's end business.
- **Proactively manage the relationship to ensure communication clarity and abundance.** One of the keys to success in any multiparty relationship is frequent communication on both sides. The CIO conducted regular strategy and outlook meetings with his service provider ecosystem to keep all parties abreast of his strategy and plans for the IT organization. By proactively managing the relationship with his ecosystem of partners, the CIO was able to clearly set expectations of where he wanted his IT organization to move and how he wanted his service providers to be involved in that process. This type of clear and frequent communication with partners enabled the CIO to effectively source various initiatives based on what was best for CCE. The CIO explained that Quinnox consistently was willing to adapt to the direction CCE was planning, but he also noted that Quinnox often challenged him on aspects of his strategy and offered alternative views to help strengthen the strategy.

Benefits

In 2007, CCE engaged with Quinnox to take over the running of CCE's legacy applications. By 2010, Quinnox had assumed responsibility for all legacy platforms requiring niche skills, thereby freeing CCE from having to staff its internal IT teams with resources who specialized in legacy platforms. This enabled CCE's internal IT resources to focus on other efforts and helped create greater flexibility for CCE's IT teams. By adjusting its sourcing approach and leveraging Quinnox for a variety of application services, CCE was able to achieve benefits that included:

- **Lowered IT operations and business risk.** Through leveraging Quinnox for managing CCE's legacy application portfolio, CCE was able to offload its application management risk. Rather than carry resources skilled in legacy technologies internally, CCE was able to free up its IT resources to focus on other "business value added" agenda items. In addition, the CIO mentioned that the Quinnox executive leadership is highly connected to CCE. The increased leadership attention and executive guidance as part of Quinnox's services delivery help CCE validate its strategy and ensure service delivery is not at risk. Moreover, CCE spreads its risk through utilizing Quinnox's application management services. Quinnox is held accountable for service-level agreements (SLAs) for application management, thereby relieving CCE's internal IT of that liability.

- **Increased IT flexibility.** By using Quinnox's application management services, CCE is positioned to have greater control over its own IT destiny and is better positioned to help CCE business units be more competitive. The specialized application management skills Quinnox supplies assisted CCE in building IT flexibility through more effective task and resource management. By moving high-maintenance workloads to Quinnox to complete and automate, CCE's IT teams could focus on being effective for CCE's business. CCE's IT resources are better positioned to help the business create innovative ways of expanding its sales lead pool, engaging with leads and prospects more effectively and efficiently, and streamlining cash flow without being bound to doing complex and labor-intensive application maintenance work.
- **Enhanced sales enablement, improved cash flow, and bolstered business intelligence.** CCE has equipped 4,000 salespeople in Europe with iPads and supporting mobile sales applications to help them execute their opportunity management and sales pipeline management. In addition to supplying application management services, Quinnox has been involved in supporting mobile application development initiatives for CCE. The mobile apps that Quinnox helped build aid CCE salespeople with efficient scheduling and routing of their deliveries for existing customers as well as aid salespeople with making impromptu meetings with prospects who are on their routes. The higher levels of coordinated deliveries and prospecting streamline sales costs. In addition, the apps are critical to improving sales conversion rates, speeding up CCE's revenue recognition process, and providing greater visibility into supply chain activities as well as empowering CCE's call centers with better sales and supply chain data analytics. These tools reduce the time gap from sales to delivery to help CCE be more efficient in its warehouse management as well as fortify its supply chain and enhance visibility into what's going on within the supply chain.

Methodology

The project and company information contained in this document was obtained from multiple sources, including information supplied by Quinnox, questions posed by IDC directly to CCE employees, and CCE corporate documents.

ABOUT THIS PUBLICATION

This publication was produced by IDC Custom Solutions. The opinion, analysis, and research results presented herein are drawn from more detailed research and analysis independently conducted and published by IDC, unless specific vendor sponsorship is noted. IDC Custom Solutions makes IDC content available in a wide range of formats for distribution by various companies. A license to distribute IDC content does not imply endorsement of or opinion about the licensee.

COPYRIGHT AND RESTRICTIONS

Any IDC information or reference to IDC that is to be used in advertising, press releases, or promotional materials requires prior written approval from IDC. For permission requests, contact the IDC Custom Solutions information line at 508-988-7610 or gms@idc.com. Translation and/or localization of this document require an additional license from IDC.

For more information on IDC, visit www.idc.com. For more information on IDC Custom Solutions, visit http://www.idc.com/prodserv/custom_solutions/index.jsp.

Global Headquarters: 5 Speen Street Framingham, MA 01701 USA P.508.872.8200 F.508.935.4015 www.idc.com