

The Warehouse Group

The Warehouse Group New Zealand Surpasses IT Service Level Expectations With FrontRange™ ITSM

Customer

The Warehouse Group)

Industry

Retail

Location

New Zealand

Product

FrontRange™ IT Service Management (ITSM)

Business Need

- Better IT processes
- Expanded IT service management tool
- Improved ITIL maturity ratings
- Ability to prioritise incidents and create service level agreements
- Identification of the root cause of recurring IT problems

Results

- Increase in incident resolution (resolved within given timeframe) from 66% to 98%
- Decrease in faults logged from 25,000 to 8,000 over the past five years
- Improved ITIL maturity assessment ratings for the Service Desk and for Incident & Problem Management
- Achieved a full ITIL lifecycle throughout its IT operations
- Centralised solution to manage Incident, Problem, Service Level, Change & Release management

Customer Summary

The Warehouse Group is an iconic, NZ-listed retail discount group that offers a wide range of products from clothing, entertainment, technology and music to sporting, gardening, grocery and many others. In operation since 1982, the company reported revenues in excess of NZ\$1.72 billion in 2009.

It consists of two retail businesses: The Warehouse New Zealand, which sells general merchandise, apparel and dried foods through a network of 88 stores across the country; and Warehouse Stationary, which sells furniture and stationary through 47 stores in New Zealand.

Challenges

The Warehouse Group has more than 8,500 staff members throughout New Zealand. It operates a full-time IT service desk to provide IT-related support to all employees (internal customers), which handles call volumes of up to 10,000 per month.

The service desk provides IT support for a range of retail-specific systems, from its in-house merchandising, receiving and ordering systems, to EFTPOS, label and advertising, printer and barcode scanner faults.

Following an evaluation of all organisational processes, including IT, The Warehouse Group made the decision to introduce a service management solution that could support IT process improvements based on the IT Infrastructure Library (ITIL®) best practice framework.

Given the maintenance period on the existing help desk tool the company was using was up for renewal, The Warehouse Group made the decision to explore alternative tools available in the marketplace.

“We previously used our legacy help desk solution for three years, but there were growing frustrations with the limitations of the tool. It only offered an Incident Management component for service management, so all other IT processes we wanted to introduce based on the ITIL framework had to be managed using individual [Microsoft] Excel spreadsheets, which was simply inadequate,” said Jon Scrivin, IS Process Manager, The Warehouse Group.

“We chose FrontRange because we wanted to carry out our process evaluation hand-in-hand with the solution using its predefined ITIL processes.”

Jon Scrivin
IS Process Manager, The Warehouse Group.

Using the company’s existing help desk tool, incidents were logged to the help desk either by email or phone and were categorised and assigned a priority rating based on the urgency of the issue, rather than on the impact to the business.

“Without an integrated Service Level Management capability, we did not have the capability to set targets and start measuring our performance against the expectations of the business. We weren’t even in a position to tell our employees how long it would take to resolve a specific issue,” Scrivin commented.

Such limitations also prevented The Warehouse Group’s help desk from achieving a higher independent benchmark based on ITIL. The company had an ITIL maturity assessment conducted on its processes to highlight what could, and could not be achieved without replacing its existing solution.

"You cannot go above a 1.5 maturity rating unless you have the technology to capture certain information in a centralised way. With our old tool, the assessment highlighted the business case for a change both in terms of the IT processes we had in place, as well as, the technology in place to support this," added Scrivin.

Solution:

Having reviewed a number of competing help desk solutions in the market, The Warehouse Group eventually opted for the FrontRange Solutions IT Service Management (ITSM) solution, FrontRange ITSM. FrontRange ITSM is an integrated modular service management solution comprised of a series of ITIL-based modules.

Before implementing the solution, The Warehouse Group requested that FrontRange complete a proof of concept report due to the size and complexity of the company's then three-brand, trans-Tasman structure.

The Warehouse Group selected FrontRange Solutions due to the flexibility of the solution, its process integration and its alignment with ITIL methodologies.

"We chose FrontRange because we wanted to carry out our process evaluation hand-in-hand with the solution using its predefined ITIL processes as a jump-start, rather than redefining our processes and not necessarily achieving best practice or mapping them effectively into the new solution."

The Warehouse Group decided to implement a number of modules from the FrontRange ITSM solution from the outset including: Incident Management, Problem Management and Service Management, followed by Change Management and Release Management four months later.

"We were particularly impressed with FrontRange's approach to the project. Their speed of response and willingness to accommodate our proof of concept to really learn about our business were key attributes for us. We found the support from FrontRange during the implementation to be extremely good," explained Scrivin.

Benefits:

Since implementing FrontRange ITSM, The Warehouse Group has enjoyed a number of significant service level improvements, which have had broader ramifications for its business. FrontRange ITSM has provided The Warehouse Group with a framework based on ITIL, which has enabled it to measure its IT service management levels against proven best practice and SLAs.

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The Warehouse Group has used FrontRange ITSM for five years. Over that time the level of IT service it has provided to the business has improved exponentially. Since implementation, The Warehouse Group has reduced the number of full-time service desk members from 11 to eight people as a result of the increased efficiencies the company has enjoyed through improved IT processes.

Incident Management

Using the Incident Management tool, The Warehouse Group has seen a significant improvement in service levels. Not only can the company more effectively capture critical information, it can also set benchmarks for its customers (employees) against ITIL best practice.

"As with our legacy tool, we are able to log, categorise and escalate issues to members of the IT support team. However, with FrontRange ITSM we are also able to measure the level of service being provided and the speed with which issues are being resolved. Ultimately, we are able to process issues in a more timely manner."

The Warehouse Group has also enjoyed a significant improvement in overall incident resolution. It can clearly see how many incidents have been resolved within a given timeframe.

"Because we are able to prioritise incidents more effectively, we can see how many incidents have been resolved within the allocated timeframe. The figures speak for themselves. Within the first three years of using FrontRange ITSM we saw an increase in incident resolution from 66 to 90 per cent. This figure currently stands at 98 per cent, which is a fantastic outcome."

In addition, The Warehouse Group has also enjoyed a greater level of consistency throughout the level of service it provides across all IT support teams.

"We have a common framework for all support teams so each service desk analyst knows how to process and escalate issues in a similar fashion. We can ensure that issues are being prioritised and escalated accurately. We also know which support team is responsible for resolving each issue. Essentially we can ensure our service desk is doing a good job."

Problem Management

Since introducing the Problem Management module through FrontRange ITSM, the company has enjoyed a series of compelling results. The Warehouse Group attributes this success to competent data management.

“The quality of data we input into the incident management module is critical to the success of the problem management capability in FrontRange ITSM. Without this, we would be unable to manage data fields effectively and group relevant information together to identify problems.”

Not only has the problem management module helped the company identify the root cause of problems in many cases; it has also enabled the company to identify recurring issues and broader trends.

“We have greater visibility of what incidents are recurring on an ongoing basis, and what the root cause of the problem is. One example involves our product management system, which we were having problems with because the database kept locking. We used ITSM to track the screens where faults were detected and recorded by customers in the incident management module.”

“Because we were able to collect the adequate information, we could analyse the particular screens that were causing problems and identify the root cause.”

Since implementing the Problem Management module, The Warehouse Group has reduced the number of faults logged from 25,000 per year in 2005 to 8,000 in 2010.

“We have seen a 25% decrease in faults per year since introducing Problem Management, which is pretty impressive,” Scrivin explained.

Service Level Management (SLM)

When The Warehouse Group first implemented the SLM module it started with a relatively basic approach, but has built on this over the past five years to align it fully with its overall business objectives.

“Service Level Management has helped us create and meet service expectations more accurately. We can clearly see how IT directly contributes to customer service satisfaction by establishing realistic expectations and incident resolution timelines.”

The addition of a formal, integrated SLM process has been a key contributor to achieving significant ITIL maturity increases across the company’s IT processes.

“Before implementing FrontRange ITSM, our service desk maturity was rated two out of five, and our incident

management rated one out of five. Within a week of going live with FrontRange ITSM, the maturity of both processes was worth three out of five.”

The company’s maturity assessment rating has continued to rise over the last number of years. This has been particularly true for the company’s service desk function, incident management and problem management modules, which have improved significantly.

ITIL MATURITY RATING	AUGUST 2004	AUGUST 2005	AUGUST 2006
Service Desk	2/5	3/5	4/5
Incident Management	2/5	3/5	5/5
Problem Management	1.5/5	3/5	4.5/5

In addition, the SLM module has also helped the company identify the business’ most critical IT related issues. By understanding which service underpins each aspect of the business, the company can identify where it can add value. The Warehouse Group attributes this primarily to the ITIL framework of FrontRange ITSM, rather than to the solution itself.

Most crucially, the SLM module has helped The Warehouse Group define the critical rating of a service and determine how to prioritise specific incidents. As a result, the company has radically reduced the number of Priority 1 incidents that are reported.

“We have seen the number of ‘priority 1’ incidents drop significantly because of the efficiencies we have driven throughout our entire IT function. We have also enjoyed considerable cost savings by reducing the occurrence of ‘priority 1’ incidents”.

In December 2006, 17 ‘priority 1’ incidents and 110 ‘priority 2’ incidents were logged. By August 2010, these figures had dropped substantially to two ‘priority 1’ incidents and 12 ‘priority 2’ incidents.

Change & Release Management

Since implementing FrontRange ITSM, The Warehouse Group has successfully leveraged the Change Management and Release Management modules, which the company believes are both intrinsically linked.

“Since introducing the Change Management module we have been able to create a series of critical processes enabling us to vet and approve change requests within the business.”

"Using FrontRange ITSM, we can now capture and prioritise change requests with complete visibility across our entire organisation. We have also successfully used the solution to introduce key processes for the approval of change requests, ensuring the right changes are being reviewed and approved by the right people."

The Warehouse Group is currently going through a major customisation of its change management process where it will modify the look and feel of the Change module in FrontRange ITSM.

"We are investigating the possibility of upgrading to the latest version of FrontRange ITSM, which offers forward scheduling and risk assessments. We want to improve our agility in Change Management and feel this has the right toolset to take us one step further. "

The Warehouse Group leverages the Release Management module of FrontRange ITSM when a change has been approved and it goes into the production environment.

"The Release Management Module is inherently linked to Change Management. It ensures we can communicate effectively with our customers if a major new release to an application, system or part of our IT infrastructure is planned."

Fundamentally, FrontRange ITSM does exactly what it says it will. It offers a lot out of the box, but is also highly flexible so the tool can be tailored specifically to suit your businesses needs. We are excited to see what else we can do with the solution and what additional benefits we can leverage," concluded Scrivin.

About The Warehouse Group

As one of New Zealand's largest retailers, known and loved by Kiwis for its wide range of products from clothing, entertainment, technology and music to sporting, gardening, grocery and many others, The Warehouse has been providing Kiwis with "a bargain" since 1982. With 88 stores throughout New Zealand they remain a New Zealand owned and operated company employing over 8,500 team members from Kaitaia in the north to Invercargill in the south. The Warehouse Group Limited had net profit after tax excluding unusual items of \$85.2 million on sales of \$1.72 billion for the 53 weeks ended 2 August 2009. For more information please visit: www.thewarehouse.co.nz

About FrontRange Solutions

FrontRange is a leading provider of powerful and affordable IT Service Management, IT Asset Management, and Customer Service solutions. These solutions enable IT and Services Transformation by providing Enterprise-class capabilities that deliver fast time to benefit, high ease of use, and rapid return on investment. With an award winning tradition and recognized as a leader by industry analysts, FrontRange's products and solutions are licensed by over 13,000 customers in more than 80 verticals and 45 countries to quickly improve interactions with external and internal clients and achieve better business results. For more information, call +61 2 8080 3300, visit www.fronrange.com.au or follow us at 'FrontRange' or 'FrontRangeSols' on Twitter.

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