



CUSTOMER CASE:  
Posten Norge

## **A TRANSPARENCY CASE STUDY**

# Controlling IT Cost in an Outsourced Environment

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**Towering above central Oslo you find the headquarters of the Nordic mail and logistics group, Posten Norge. The group has 20.000 employees whose combined efforts ensure the delivery of more than 40 million parcels and 2 billion letters per year.**

Ensuring efficient IT sourcing and vendor management in an organisation of this size is no small feat but Director IT Sourcing & Vendor Mgmt, Sven Langerak, has been running a tight ship through more than ten years at Posten Norge.

His KPI's are pretty straightforward: Ensure the right mix of outsourcers and suppliers and bring down the cost on recurring services as well as on development projects. The prerequisite for successfully delivering on these KPI's is visibility and transparency into a complex IT infrastructure.

In late 2014 Sven believed that it would be possible to optimise the organisation's IT usage on mainframe as well as midrange; and more through professional curiosity than by design he came into contact with SMT Data.

Initially Sven Langerak was impressed by SMT Data's confidence in their ability to quickly provide insights that would lead to significant cost reductions. They displayed this confidence very clearly through their suggested Proof of Value-concept where they would implement their solution and run the processes for a period of three months after which Posten Norge could evaluate and decide to stop or continue.

Only a few weeks into the project a major peak was detected. The discovery was made due to the ITBI solution's ability to provide an understanding of the correlation between applications and IT infrastructure which enriched with organisational information enables analysis and drill-down. Sven Langerak adds:

“We would eventually have spotted the mistake – but determining the root cause would have taken us much longer, and it would have been very costly in the meantime”.



## About Posten

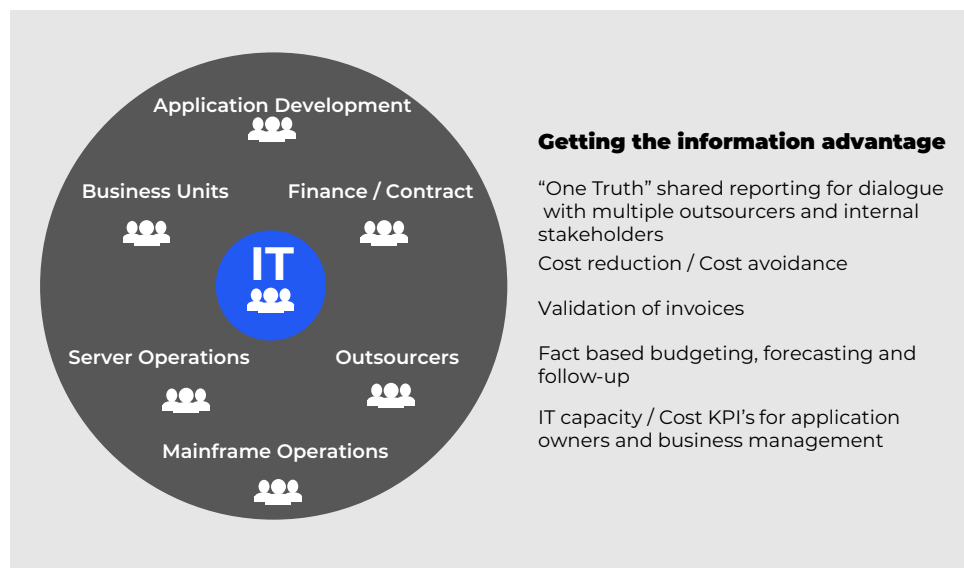
Posten Norge AS is a Nordic mail and logistics group that develops and delivers complete solutions within postal services, communications and logistics, with the Nordic area as its local market.

Upon conclusion of the Proof of Value-process, Posten Norge decided to continue working with SMT Data. The advantages from introducing ITBI have been noticeable and without wanting to go into details, Sven Langerak concurs: "In economic terms alone we are speaking of significant cost savings – thanks our cooperation with SMT Data".

Of course, such immediate benefits and a break-even on the investment within a few months are all very welcome; but the infrastructure optimisation which is made possible with ITBI is a necessity in such a large company, and with Posten Norge now having entered into a 'Managed Services' scenario with SMT Data, the continuous identification of the potential for optimisation as well as follow-up on previous improvements is ensured. Also, we can assess future needs when developing new applications.

In other words, the task has advanced from a state of cost-cutting to one of cost-avoidance and it is in being able to conduct fact-based decision-making that the real 'gold' is revealed.

Interestingly, the ability to now make fact-based decisions on the sizing and usage also implies that decisions previously were made on a much less informed basis, i.e. on assumptions. Entering into a partnership which would risk exposing previous decisions as being less than optimal could perhaps make some managers shy away from going down this path, but this is not the case for Sven Langerak and Posten Norge: "It's simple, it is in our KPI's and we work every day ensure that we make better decisions and optimize our IT infrastructure".



On top of the transparency that has been key in improving the on-going right-sizing and general decision making, there have also been derived benefits from service provided by SMT Data. Sven Langerak gives an example: "Recently, in a Request For Proposal (RFP) with a number of potential outsourcers, we used the information now available to us to very specifically document what our requirements were and as such ensured a very strong basis for comparison between the offers before entering into a new contract. Basically, it gave us an edge in the whole process".

When asked about which other businesses could also benefit from the services of SMT Data, Sven Langerak concludes:

“This is not industry dependant, that is the beauty of it. As long as it has to do with IT infrastructure – you will achieve significant advantages.”

**Challenge**

To keep focus on IT cost reduction in an outsourced environment,

To provide fact based decision support for IT (like all other business areas)

To establish a balanced and equal dialogue with the outsourcer

**Action**

Implementing ITBlaaS for all major platforms

**Results**

Fact based IT-decisions for: Management, Finance, Application Development and IT-operations

Transparency leads to better control of the outsourced environment

Significant cost reductions and ROI in a few months



# SMTDATA

IT Enterprise Insights

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