

Merkur Group effectively controls IT costs with automated, integrated service management initiative.

Overview

■ Challenge

Streamline service management processes to reduce operational costs while maintaining service quality

■ Why IBM?

IBM software enabled Merkur to adhere to industry best practices and delivered the localization and multilanguage support needed for cross-border operations

■ Solution

A unified platform that cost-effectively manages the entire lifecycle of IT assets and strengthens service management

■ Expected Benefits

Projected 25% increase in staff productivity; reduced costs; improved decision making; 60% first-call resolution rate; better alignment of IT with business requirements



Merkur Group is aggressively pursuing its goal to become a market leader in home, building and do-it-yourself products for both residential and commercial customers in southeastern Europe.

What is the financial impact of IT assets on our operations? How can we control costs as we continue to grow? Are we responding to service issues as quickly as our business units need? As retailers expand into new markets and open new stores, they must have clear answers to these questions if they are to meet business goals and shareholder expectations.

Consider, for example, Merkur Group, a 1 billion EUR (1.3 billion USD) Slovenian-based retailer of home products, do-it-yourself items,

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*– Simon Znidar, Ph.D.,
Chief Information Officer, Merkur Group*

Comprehensive knowledge base helps staff improve first-call resolution rate

“Using Tivoli software, we expect to improve staff productivity by 25 percent, allowing our existing IT staff to manage easily our growing infrastructure.”

– Simon Znidar

electro-installation and construction materials, and machinery and tools. The company, which employs more than 4,000 people, has experienced dramatic growth in the past ten years with a four-fold increase in profit.

As Merkur expanded its business in Slovenia and neighboring markets, such as Croatia, Serbia and Bosnia Herzegovina, the company's IT organization needed to maintain service quality while reducing costs.

Internal surveys showed that end-user satisfaction was high. However, the company's chief information officer, Simon Znidar, Ph.D., worried that as Merkur continued to grow, IT staff would not be able to deliver the same level of service. In just five years, the number of IT assets under management more than tripled and the number of support calls received each month reached approximately 2,000.

Ad hoc processes limited growth

As Znidar examined the IT team's existing processes, he found that primarily manual, ad hoc methods for tracking and managing assets and resolving service issues were costly, time-consuming and error-prone. For example, with IT asset information stored in numerous Microsoft® Excel® spreadsheets and home-grown applications, IT staff did not have a single view of what IT assets were in use and where they were located. This complicated change management processes and increased the likelihood of problems being introduced into the infrastructure when new software was installed.

Additionally, without a knowledge base to record problems and their fixes, the organization often found that IT staff had to resolve service issues through trial and error. Administrators would e-mail colleagues to gain insight into how to solve a troublesome outage or performance problem. However, according to Znidar, several times they found that the person who could resolve the incident immediately was inadvertently left off the distribution list.

Further, the team could not easily access information about the number and types of incidents or evaluate response times. This made it difficult to determine exactly what resources were needed for each store, maintain service level agreements (SLAs) and proactively identify trends, such as a pattern of failure in a particular manufacturer's products. Ultimately, both staff productivity and operational costs were significantly affected.

“We needed to not only track and manage hardware, software and other IT assets throughout their lifecycle, but also understand the personnel costs associated with managing these resources,” explains Znidar. “Only by understanding both these factors can we give our executives an accurate account of costs and begin to understand the impact of IT on our business.”

An automated approach based on best practices

Merkur conducted an extensive selection process for service management solutions, evaluating technologies from IBM, HP, BMC and Computer Associates against more than 120 requirements. Merkur then invited three companies, including IBM, to provide proof-of-concept demonstrations.

Following its rigorous review, Merkur selected IBM Tivoli Asset Management for IT and IBM Tivoli Service Desk to automate and integrate IT asset management and incident, problem, change, inventory, SLA and knowledge management processes.

A key differentiator of the IBM offering was its extensive workflow capabilities that enable Merkur to standardize processes based on best practices. Additionally, the software provided the localization and multilanguage support essential for cross-border operations. And because Tivoli Asset Management for IT and Tivoli Service Desk are unified on a single platform with one user interface and a common data model and workflow engine, Merkur can achieve greater efficiency.

“As we worked to improve IT processes, we wanted to ensure we were in accordance with industry standards, such as IT Infrastructure Library® (ITIL®) and ISO/IEC 20000,” explains Znidar. “The sophisticated workflow processes in Tivoli IT asset and service management software help us ensure compliance with industry requirements.”

IBM Business Partner KOPA provided implementation services and integrated the software with Merkur’s accounting and human resources applications. This helps business and financial staff to gather data more quickly as needed, for example to ensure that accountants can easily access the activation date of an IT asset to calculate depreciation expenses.

Merkur is currently deploying the software to all 15 companies across the Merkur Group. Currently, 16,000 IT assets, including notebooks, cell phones, monitors, point-of-sale devices, uninterruptible power supplies and network equipment are managed using Tivoli asset and service management software. By the end of 2007, Znidar expects this number to nearly double to more than 30,000 IT assets.

A unified approach reduces costs and improves productivity

With Tivoli asset and service management software, Merkur has gained a unified platform for managing its IT assets throughout their lifecycle and improving service levels. For example, with accurate insight into what assets exist and where, IT staff can proactively plan the work, resources and costs associated with implementing changes.

Key Components

Software

- IBM Tivoli® Asset Management for IT
- IBM Tivoli Service Desk

IBM Business Partner

- KOPA d.d.
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Additionally, administrators can leverage this information to determine whether it is more expensive to fix an asset than to replace it. In fact, following the deployment of Tivoli software, the organization found that a specific make and model of printer was constantly breaking down and determined that it was less expensive to buy new printers than repair the old ones.

“By providing a single platform for asset and service management, Tivoli software enables us finally to understand the true costs of our IT services and the impact of these costs on profitability,” says Znidar. “With this information, we can proactively reduce operational costs while maintaining exceptional service quality.”

Likewise, with a single source for incident and problem knowledge, staff can more quickly resolve service issues. This has been critical not only in helping the company continue to receive positive feedback from employees but also in enabling existing IT staff to manage an increasingly complex and growing environment. The company expects to achieve its goal of a 60 percent first-call resolution rate as a result.

“We have tremendous confidence that IBM asset and service management solutions will drive greater efficiency across our organization,” says Znidar. “Our IT organization is quite lean. Using Tivoli software, we expect to improve staff productivity by 25 percent, allowing our existing IT staff to manage our growing infrastructure.”

And as staff productivity increases, Znidar’s team can focus more time helping the business leverage technology to expand into new markets, open new stores and support other programs that help drive growth and increase market share.

Finally, Tivoli software is helping Merkur measure service delivery, track incident response times and evaluate the performance of individual assets. With this information, Znidar plans to work with the various Merkur companies and business units to develop SLAs based on each organization’s specific needs. “Through improved SLA management, we can ensure that we are aligning IT effectively with business goals,” adds Znidar.

For more information

Please contact your IBM sales representative or IBM Business Partner.

Visit our Web site at:
ibm.com/tivoli

You can get even more out of Tivoli software by participating in independently run Tivoli User Groups around the world. Learn about opportunities near you at www.tivoli-ug.org

For more information about Merkur Group, visit: www.merkur.si

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