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– Sun-Jeong Kim
Vice-Director, IT Support
Ericsson Korea



Ericsson is a forward-looking company that continually engages in cutting-edge research to deliver products and services that meet emerging mobile telecommunications standards and needs. In order to provide global network operators and service providers with end-to-end solutions that add value to their businesses, the company is constantly looking for ways to enhance its own business and IT infrastructure.

Since IT outsourcing allows enterprises to focus on core competencies, reduce operating cost and respond quickly to market conditions, Ericsson decided to outsource their IT infrastructure, resources and manpower to HP. This was one of the elements in its global restructuring strategy to increase corporate competitiveness. In doing so, the supplier of mobile systems hopes to strengthen the company's position in the global telecommunications arena.

Outsourcing benefits and scope

Given the diverse business areas and services it offers in 140 countries, it is imperative for Ericsson to reduce costs and improve its IT performance to boost its business flexibility, efficiency and sharpen its competitive edge. Besides restructuring to stay relevant in an ever-changing business environment, IT outsourcing was identified as a key component of Ericsson's management strategy that enables the company to remain agile and flexible.

According to various industry research studies, the operating expenses of IT-related companies are growing 20-30% annually. Funds are often required to adopt new systems to keep up with rapid technology advancements. This can put a strain on a company's limited resources. There are also risks associated with maintaining an in-house IT operation since staff may not have the expertise to evaluate and deploy new technologies. Therefore, outsourcing IT to an external specialist is expected to mitigate this risk and reduce operating cost.

Through IT outsourcing, Ericsson will be able to channel more resources to the company's core activities, centralise IT resources in the high-end functions and ultimately enjoy economies of scale through the consolidation of IT requirements. It will also give the company easy access to new, affordable technology

tools, as well as IT expertise from the vendor. It can subsequently improve the predictability and control of its IT infrastructure while improving the professional skills of its internal IT staff at the same time.



To help the company execute this strategy, Ericsson selected HP as its IT outsourcing partner for its worldwide operations.

For a period of five years starting from 2003, the company outsources its entire IT division including IT resources, manpower and operations to HP. Under this arrangement, HP offered managed services for IT resources, helpdesk support, data centre operations and its Utility Data Centre (UDC). It also provided various solutions based on its Adaptive Enterprise strategy and designed an IT outsourcing plan to connect Ericsson's business with its IT divisions.

Challenges

- Increase corporate competitiveness
- Strengthen the company's position in the global telecommunications market
- Remain agile and flexible in a dynamic business environment

Solutions

- HP Managed Services
- HP Utility Data Centre
- HP Adaptive Enterprise strategy

Results

- Reduced IT operating cost
- Able to focus on core competency
- Acquire new technologies to meet system demands more quickly
- Maintained a stable IT environment

Transferring manpower and assets

HP integrated Ericsson's global IT infrastructure and focused on optimising the IT environment by consolidating servers, automating operations with its UDC technologies, managing and consolidating the data centre, consolidating the helpdesks and standardising desktop technologies. In addition, HP took over Ericsson's IT division, Ericsson Global IT Services (EGIS), transferring nearly 1,000 IT staff to HP.

At Ericsson Korea, HP took over the subsidiary's IT division and successfully completed the transfer in accordance with the Asia-Pacific IT outsourcing execution plan. As part of the global IT service and IT asset takeover contracts signed in order for HP to respond to Ericsson's diverse demands, HP also assigned transition managers to study the actual operational requirements of Ericsson Korea's IT division.

In addition, as part of the IT outsourcing plan to ensure the stable operation of Ericsson's servers, desktops and network infrastructure, Ericsson Korea set up an IT helpdesk in China. This allows staff to report IT-related errors and receive prompt services with respect to their IT operations.

"We are very satisfied with the IT outsourcing relationship with HP as the latter has been able to quickly deliver services to meet our system demands and maintain stable IT operations," said Sun-Jeong Kim, Vice-Director of Ericsson Korea's IT Support.

"As all of our computer systems and resources are transferred to HP, we can focus on its core businesses while HP oversees the entire IT division, including maintenance and repair [of the IT systems]," added Mr Kim.