



## Case Studies

### Case Study Focus: Software Audit - Due Diligence for IT Outsourcer

#### Client: IT Outsourcing Firm

##### Client Profile

The company, a leading IT consulting/outsourcing firm caters to mid-market companies who need IT services. Their range of services includes application, database and network management, data center management, 24x7 customer support, disaster recovery, and desktop support. The company's myriad clients include manufacturing, construction, private equity firms, and clothing retail companies.

##### The Challenge

In 2006, a major private equity firm had the opportunity to acquire a spin-off from a consumer food giant. Complicating the deal, this spin-off was set to emerge from the food giant without any IT infrastructure of its own, yet burdened by a costly transition services agreement from its former owners. The equity firm realized that an accurate and in-depth assessment of the IT infrastructure required to support this spinoff's business going forward would be an essential factor in the decision to purchase the company. They knew that the cost to implement an IT infrastructure from scratch could prove high enough to make the deal unprofitable.

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**The Problem: How can a consulting firm turn a due diligence effort into a long term profitable outsourcing contract for IT services?**

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The private equity firm approached the mid-market IT outsourcer based on the outsourcer's experience serving similar-sized companies. In addition, when the equity firm did their due diligence investigation into the IT outsourcer they found that the outsourcer came highly recommended. Based on these positive findings, the equity firm retained the IT outsourcing team to help them understand the current IT infrastructure and future needs of the potential acquisition target.

The outsourcer gladly took on the project as a consulting assignment, but also saw the opportunity to gain additional revenues by converting them to a client for their outsourced IT services, should the price work for the equity firm.

### The Solution

Armed with Iontas' Activity Focus, which captures and logs users' detailed desktop activity, the outsourcer deployed the Focus software to the spin-off's computers to collect data on actual application usage for a two-week period. In the interim, they collected a complete inventory of the hardware and software from the food-giant company's IT department.

After the two-week period, the outsourcer analyzed the SQL-compliant database created by Activity Focus to understand exactly how each and every worker used their software applications to do their job. What they found surprised everyone.

### The Opportunity

Once the outsourcer collected the data, they compared the report from the food giant's IT department to the actual data collected from the workers' activities by Activity Focus. The outsourcer was amazed at the vast difference in the stated licensing and support requirements.

The IT report showed licensing requirements with legacy products that didn't show up on any user activity report. It also showed a need for 100 "per named users" for another application, while only five users accessed that module in the entire two-week period. They also found applications running that the IT department didn't even know about.

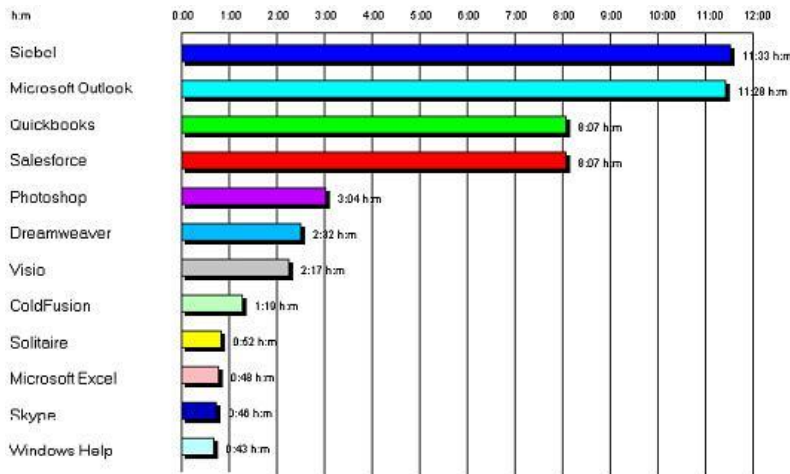


Figure 1 – Total application usage over time

As a next step, the outsourcer met with the IT department to better understand the discrepancies between the sources. The IT department verified that they had overlooked the fact that the legacy applications were no longer necessary and that the number of named users didn't need to be that high. They also confirmed that the unexpected applications found on the desktops were not provided by the consumer giant and were not required to support daily business activities.

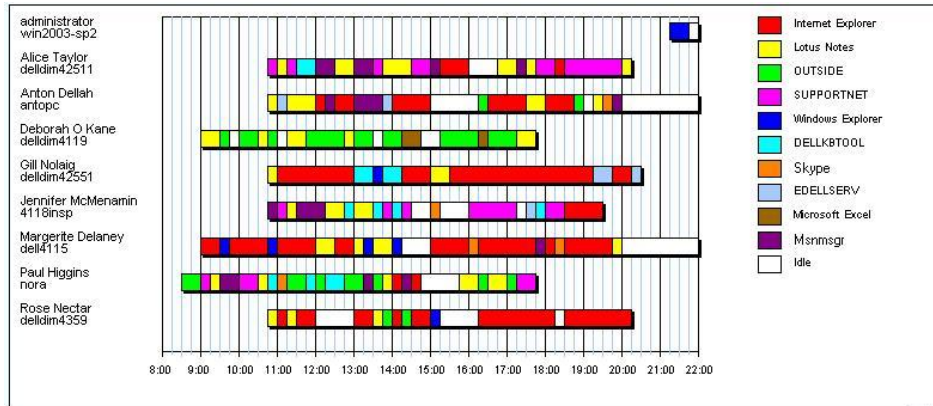
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**The baseline metrics captured by Activity Focus during the due diligence effort created outcomes no one expected.**

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**The Results**

The detailed understanding provided by Focus gave the equity firm the necessary confidence to purchase the spin-off, confident in the knowledge that IT costs were manageable and that the acquisition would be profitable.



The introduction of Activity Focus to gather usage information without disrupting or influencing users’ daily activities positively impacted the operations of all four of these companies:

- ✓ The private equity firm received an accurate – and much lower than expected – estimate of the IT infrastructure requirements.
- ✓ The consumer food giant gained never before seen insight into how their employees do their jobs by implementing the entire Focus Software Suite (Activity Focus, Process Focus, and Event Focus). They immediately reduced their costs in support contracts, and implemented an employee productivity initiative that ultimately saved their company millions of dollars in by identifying best practices in sales and services processing, and sharing those practices throughout their organization.
- ✓ The outsourcer gathered the exact requirements necessary to secure a very attractive and competitive IT outsourcing contract with the private equity firm to support the spin-off. This information provided for a successful acquisition and a faster ramp-up and implementation once the deal was completed.
- ✓ The spin-off benefited from a complete understanding of its IT infrastructure. Based on the data provided by Focus, its IT needs were fully met at a substantially lower cost than initially expected, making it an attractive acquisition target.

Activity Focus, and later Event Focus and Process Focus, provided an accurate and insightful view of how – and which – software applications are used daily by employees. This knowledge empowered four different companies (the private equity firm, the IT outsourcer, the food giant, and the newly acquired spin-off) to reduce their costs and provided an efficient model for their future operations.

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**Four different companies reduced costs, increased profit margins, controlled risks and improved efficiency.**

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The Focus suite gave these companies the tools they needed to understand exactly what was going on in their businesses, allowing them to make smart decisions that resulted in significant cost savings, while creating an extremely competitive advantage for their respective industries.

**About Focus**

The Focus software suite tracks and analyzes specific software usage metrics that were previously inaccessible to companies, such as:

- ✓ Which software applications are used by employees, for how long, and for what purpose
- ✓ Process duration, including time required for each step
- ✓ Maximum, minimum, and average values for users and groups
- ✓ Number of times a process or step is executed
- ✓ Transaction values or account data at a given stage
- ✓ Time spent on combined processes
- ✓ Incomplete processes, including where in the transaction the process stopped

**The Iontas Focus Suite**

**Activity Focus** – Captures and logs detailed desktop activity, including application and module usage over time, idle time, log on/off actions, and more.

**Event Focus** – Captures any visible text and user actions within an application window. A rules engine allows managers to specify text or events that trigger alerts or actions in other applications.

**Process Focus** – Automatically recognizes and captures steps executed by users as part of a defined process, showing visible process progression and throughput on user transactions.

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