# A hybrid project management methodology for managed services providers  Introduction

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## Introduction

In order to stay competitive, many IT services companies also called as managed services providers (MSPs) are looking for ways to offer new services and transform their existing ones to capture new markets or simply sustain their business. With digital revolution, customers' expectations change, transforming the core activity of MSPs from one that manages the service to one that implements digital transformations for their customers. Projects such as self-service, end-user analytics or chatbots are in demand in addition to their traditional IT support service provisions such as helpdesk and on-site support are increasing demanded from MSPs. The COVID-19 crisis has increased the customer's expectation. IT support is expected to be available 24/7 in ways that embrace new uses of IT and clients are opting for a multi-channel service desk with more than 60% of customers asking for several IT support channels available anytime and anywhere for their users [Deloitte, 2016]. The users also expect their IT at work to be as seamless and easy-to-use as is at their homes. This new, increased expectations in UX started with the UX leaders Apple and Google [Hassenzahl M., 2008]. As a result, IT service providers are moving towards increasing the user's autonomy by giving them control of over their IT support through the optimization of the UX in order to enable firms to focus on their core businesses. Therefore, this customer expectation for a seamless, stimulating, sensitive, synchronized and smart IT support experience [Shrivastava S., 2017] implies a necessary change in how MSP manage digital transformation projects as opposed to only focusing on digital transition projects.

84% of digital transformation projects fail (McKinsey 2016; Forbes, 2016). Pitfalls such as lack of proper training and communication, resistance to change or lack of executive sponsorship are cited as reasons. According to a McKinsey, 2016 the incompatibility of new digital services with traditional operational and working models could be a major reason. Gartner, 2019 predicted that digital transformation initiatives would take large traditional enterprises on average twice as long and cost twice as much as anticipated. An iterative, collaborative approach where a product is delivered incrementally

with continuous improvement based on end-user feedback would enable adoption and drastically reduce the risk of failure often witnessed when using traditional PM methods. The change brought by IT transformations is almost always underestimated at the beginning of the project, which enlightens the necessity of a digital transformation project methodology to be adaptive and flexible. This study addresses this lacuna through a practical lens and provides a hybrid framework for a MSPs.

# 1. Research Objective and Background

Traditionally, MSPs undertake: maintenance and support of computer equipment; monitoring and securing IT systems and networks; offer technical support and assistance for the end-users, also known as Service Desk (remotely) and On-Site-Support (on-site); involve in asset management. However, based on the first author's field experience in handling IT projects as a "managed service provider" in France, we notice the pressure on MSPs to offer diversified solutions to clients to stay competitive [Brito, 2003]. Many clients are undertaking digital transformation projects and therefore MSPs are starting to position themselves as IT transformation partners and offer new services such as cloud, automation, as-a-service based subscriptions and new ways of delivering IT support to end-users such as an enhanced user experience or new channels for contacting the IT support teams.

Thus, the inherent ambidexterity needs in the way MSPs need to operate when handling digital transformation IT projects require a shift in mindset and procedures (Gurusamy et al., 2016). From our experience in the field, we note that that the traditional project management frameworks are more suited for the implementation of standard managed services contracts and not for digital transformation projects that incorporate the new demands of the clients as discussed above. The usual project management method that relied on PRINCE2 methodology is not flexible enough for transformation projects and programs as it does not adapt to the change of requirements and business needs [Shrivastava, 2017]. At the same time, an agile methodology cannot be applied fully to the field of managed services due to its con- textual peculiarities. It can be analyzed as a result of the structure of IT Managed Services contracts with service level agreements that do not enable a service provider to agree to a change of requirements overtime as it would impact the cost model and this could impact the contract revenue because of penalties to pay or a change in the service structure. Thus, it is important to look for ambidextrous solutions that offers can bring value, reduce risks and costs for customers as well as be effective for the MSPs internally, perhaps by infusing agile principles [Beck et al., 2001].

Hybrid PRINCE2-Agile methodologies have shown to bring value and enhance the success of digital transformation projects. In the software company X Place where bugs have been reduced by 18% after adopting a hybrid project management framework. Overall, firms that have adopted a hybrid project management framework for their innovative projects have indicated a positive impact on the project performance and customer satisfaction [Conforto et al., 2016]. The combination of the two approaches (PMBOK and PRINCE2) suggests that balancing the stability and process-focus of traditional methodologies with the flexibility of agile methodologies could be a promising solution for managing innovation and transformation projects in IT services delivery but this method had never been applied to a Managed Services con- text. Client's choice of MSP will depend on their ability to be flexible as well as offer traditional MSP services, thus indirectly hinting at the need for agile project management methodologies to be integrated in a MSPs service provision.

Given the above theoretical gap and field realities that are at this point only conjectures, we investigate in the context of a MSP in France, how a combination of agile methodologies and traditional project management methodologies can help in the development of a hybrid framework that will have the ability to *deliver digital transformation IT projects* successfully. We use an action research case study approach for this enquiry. The specific research question addressed by this study is:

R1: To what extent agile methodologies and traditional project management methodologies can simultaneously enhance the ability to execute a successful digital transformation IT project?

## 2. Method

The method used in this paper follows the perspective of action research case study approach [McManners, 2016]. From the perspective of an MSP, our research firstly involves in assessing the interest of the agile method in a digital transformation implementation project/ program and to provide further validity to the conjectures previously stated. Second, we experiment in a real case, the use of a conceptualized hybrid PM methodology in the implementation of a digital transformation program in order to draw learnings. Third, we propose a transformation framework as a solution to MSP's implementation team that embraces the differences that are peculiar to digital transformation projects as compared to digital transition projects. Our case study was conducted within one large MSP located in France whose fictitious name is AGIFRA for the purpose of this paper. We used two exploratory phases in this work. One focused on the interview data collection method to validate the assumptions and the need for a hybrid project management framework and the other is the experimentation of the framework in an iterative manner to further improvise it through a real life case scenario within AGIFRA.

A digital transformation case in which the lead author was involved was chosen for further exploration. This involved a client of AGIFRA, Client A. Client A was an French multi-national railway company with almost 100,000 employees and had a turnaround revenue of 10B$ in 2020. They are currently running an ambitious 3 years transformation program which aims at making their IT as easy and seamless for the end-user and employees. This digital transformation project that AGIFRA was commissioned to tackle was aimed at delivering a new IT Portal for Client A's end users in order to make their day to day IT interactions as easy as possible. The project was set to be delivered in 12 weeks, but ended up being delivered within 10 weeks. This was despite the work from home arrangements that were imposed due to COVID crisis in France from both the client and the AGIFRA's side. Moreover, the client needed the solution fasters to tackle its remote employees and end users during the COVID times. The need for an IT Portal became all the more important. To accommodate the speed and client expectations AGIFRA's team had to re ore-organize the project timelines to be able to get it live for early April 2020.

Using this case scenario, the lead author along with her team focused on improving the project management methodology and approach. They iteratively checked if a hybrid project management method would provide better project outcomes as expected. The lead

author as a participant to the project used the key concepts and theories of PRINCE2 and agile frameworks to guide the interpretation and analysis of this project case (Project Management Institute, 2007). Agilometer developed by the PRINCE2 Agile method was used to assess the projects agility (PRINCE2 Agile, 2017). We collected the data used for the project management of the program for analysis. This primary data consists of the slides, meetings minutes, spreadsheets, statement of work and other documents, end-user and customer feedback and personal perceptions.

For the initial phase, we interviewed five experts in the field of managed services with an experience in transformation project and program management or transformation design, using semi-structured interviews from AGIFRA. These were supplemented by end-user and customer feedback that enabled us to draw conclusions and best practices for implications. The interviews were recorded, anonymized, transcribed and translated for the purposes of data analysis. Using AtLas.Ti tool the data were coded. After open coding and selective coding, we identified themes and examined the patterns.

## 3. Results and Discussion

*Exploratory phase: Interview*

Six themes emerged from the interviews. First, when asked about the foundations for the success of a digital transformation implementation program, 80% of respondents replied that focusing on the customers' needs was the first point to consider before designing any transformation roadmap. Transformation projects are aimed at "*support[ing] the business*", and the key topics are defined "*in relation to the client's business, its stakes, its organisation and its strategy*". The following example illustrates this need for tailoring our transformation solutions to the needs of each customer: "*at one of our clients, we had to adapt our offer to the constraints: there is a poor internet connection in the kitchens on levels -1 and -2, so we had to take this into account. For another one, we have to think about the mobile populations who account for the majority of the company: will an IT portal be useful to them? Should we immediately consider a mobile app version?*"

Then, all respondents highlighted the fact that adoption and change management were particularities to be addressed in each transformation project, regardless of the technology or solution deployed. When asked about the streams to be addressed in any transformation program, all experts replied that "*[the] streams to address are adoption with an end-user vision; change management (change of processes, solutions or people); technical streams.*"

The topic of agility came back in all interviews, even though the word was never actually pronounced in any question of the interview guide. The need for more flexibility and for more agility were striking. "*Our processes are too rigid*", "*we need to be able to be more flexible*" or "*customers are expecting more flexibility and faster reactions from us*". Flexibility and agility appeared to be needs for the customers and to be a differentiating factor for the MSPs when selling transformation solutions as well as during the pre-sales processes for managed services contracts. All experts agreed on the fact that an agile-inspired

methodology would be a plus for a customer and that it already is a request: while *"This is a must and customers are very receptive to this type of approach […] the inputs can change over time, so we need evolution, flexibility, an agile approach rather than applying the methodology 100%. In my opinion, we should keep a project method, adding principles and an agile approach.".* Agile not only helps in terms of customer image but also as it has operational benefits as well as benefits for the end-user. *"Nowadays, we have to be flexible in our implementations, we can no longer fully use methodologies such as PRINCE2. The aim is to be able to adapt our solution according to the user feedback: if there is a change, I can integrate it directly and continue to work, whereas this would be impossible with a more classic methodology that only follows a sequential format. With traditional methods, you have to wait 3 or 4 months to solve a bug and fix a feature, whereas by integrating an agile approach and adapting as we go along, we can immediately change the feature and put it into production. This is a benefit for operational efficiency and for users."* Though, it has to be noted that Agile has numerous benefits and can bring the flexibility that is lacking in traditional notion of a MSP, it was not considered by any respondent as a method that can be transported to MSPs without change. This is because of the very nature of MSPs that are focused on software projects and agile method may not be compatible with the concept of Service Level Agreements that are a requirement in managed services contracts.

Finally, the need for a new framework has surfaced from the interviews. The limits of PRINCE2 have been clearly shown for its lack of flexibility and inability to react fast enough to changes. This has led to a gap between MSPs offers and the customer's needs *"The concern with old PRINCE2 type methodologies is that our offer often does not meet the need and that the project manager is often quite far away from the realities and needs."* The Agile concepts of iterations and user stories have also been discussed by three experts out of 5, stating that *"Furthermore, in the context of transformations our framework lacks flexibility, and lacks user stories, definition of the test phase, iterations."* Lastly, hybridity in managed services seemed like the solution for bridging the gap and bringing more flexibility into the current project management frameworks. *"[…] hybridity is very good, it's exactly what we need, we shouldn't go focus too much on specific methodologies but rather incorporate agility into our methodologies, adapt them to each customer. We should talk about agility rather than pure agile methodology. We are judged on our ability to adapt quickly rather than on our methodology."* We provide a synthesize of these themes in Figure 1 below
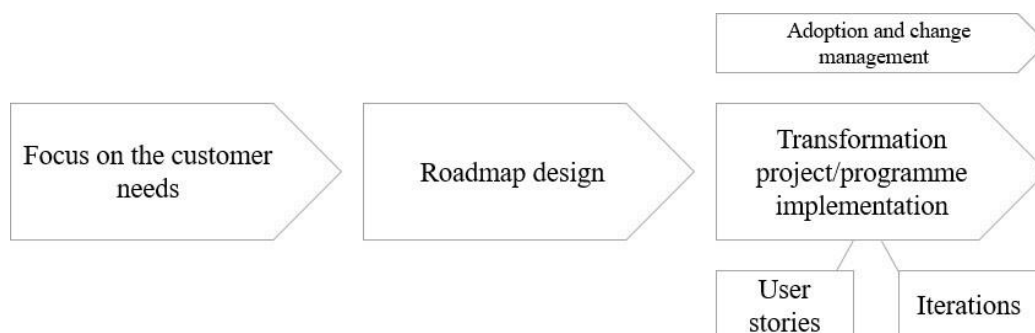


**Figure 1:** Transformation process to apply systematically to transformation projects undertaken by MSPs

*Experimentation Phase:    Experience within a digital transformation IT project*

To construct the hybrid methodology, we took inspiration from Agile concepts such as *user stories, show and tells and iterations,* which helped the team adapt the solution to the customer requirements that changed overtime in the studied case. Moreover, the COVID situation which required the entire IT portal (IT solution) be delivered faster. The author lead her project management team based on the project delivery methodology PRINCE2, giving more flexibility and adaptivity through an iterative delivery where they could start by building and testing some functionalities of the portal before the validation of all the requirements and user stories (agile inspired). These iterations enabled the team to react faster and to adapt the timeline and planning as per the changing project scope. In fact, as the team was experimenting they had a request from their real client to expedite the project that forced them to deliver early. The project was indeed delivered 2 weeks earlier than expected.
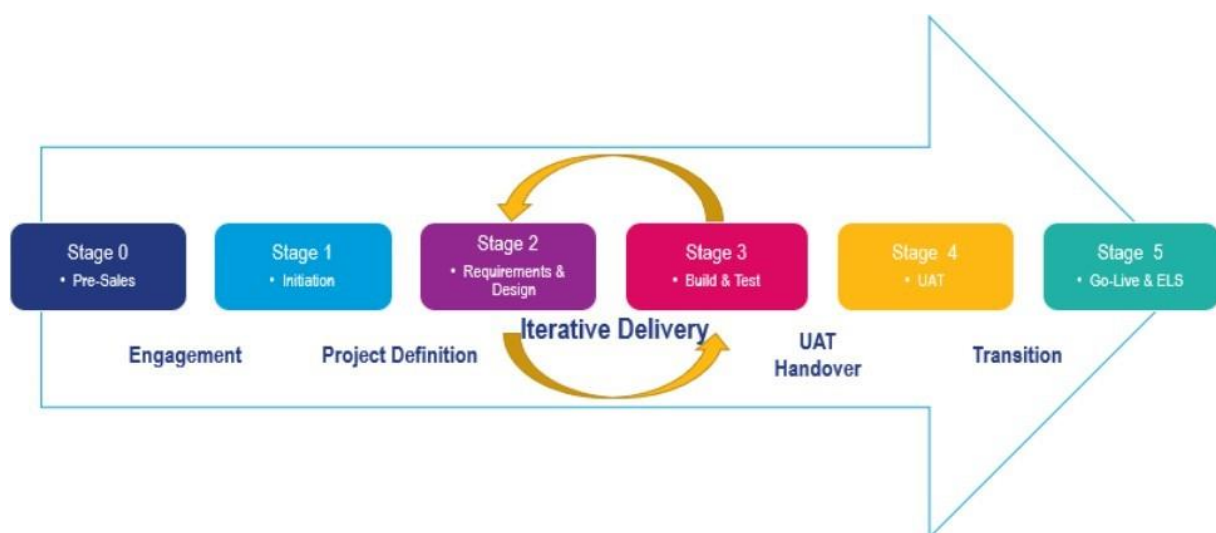


**Figure 2:**  Project methodology used for the delivery of the portal [Source: slide presented to the customer during the project Kick-Off meeting.
  **Note :** UAT corresponds to User Acceptance Testing

Defining entry and exit criteria as well as writing up user stories enabled the team to develop the portal by waves. At the end of each wave, the team held a *show and tell* session in order to present the portal to the customer, gather insights and adapt the development according to the customer feedback.

The flexibility of this methodology had an impact on the final product as it did not come as a surprise for the customer which is the case when pure PRINCE2 methodology were used in the past. In terms of internal organization, this use of an agile-infused approach also gave more leeway to the development teams as they could interact with the customer

directly and propose new functionalities during the project in accordance with the project plan.

However, change management and adoption have been overlooked in the design of the project management: there was no plan for delivering any sort of training guides or videos to help users understand the portal better and to drive adoption in the project design. Finding a resource in a speedy manner with the relevant skills for making easy-to-use, user-friendly videos was a challenge to these teams. All this training and adoption material was delivered after the final product delivery date but that drove additional unplanned costs on the MSP's side that could not be charged to the customer. Moreover, it was also considered as excessive workload compared to the usual way of working.

From the findings, we conclude that traditional project management frameworks are more suited for the implementation of standard managed services contracts than for transformation projects. The PRINCE2 methodology is not flexible enough for transformation projects and programs as it does not adapt to the change of requirements and business needs. The agile methodology cannot be applied fully to the field of Managed Services. A hybrid approach could bring value, reduce risks and costs for customers as well as internally. Thus, the interest and value that could be brought by a hybrid PRINCE2-Agile methodology is clearly established. The study proposes a new hybrid project management framework for use by MSPs, this framework has received positive feedback from the clients of this MSP as well (See figure 3).
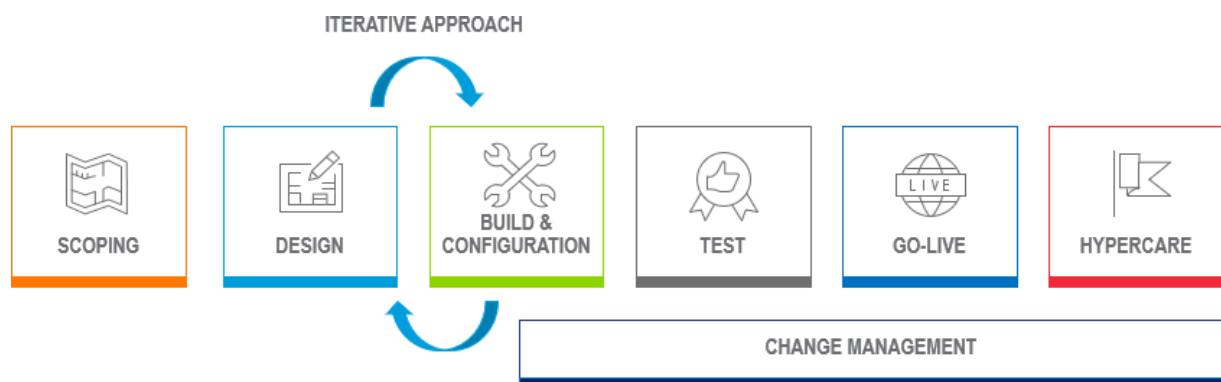


**Figure 3:** New proposed hybrid framework for the implementation of transformation projects and programs

## 4. Implications

As implications, the study provides evidence to the fact that a full agile framework cannot be used in the context of managed services by an MSP. Moreover, the MSP can once again retain their attractively in the market by fulfilling the ambidextrous goals of providing transition as well as transformational IT services to its clients in this new changing IT landscape by changing their project management method. They can achieve this by using a hybrid project management framework proposed in this study that takes into client's changing needs and user experience requirements. The study is novel in the sense that

prior research has not explored how a hybrid PRINCE2-Agile framework can be successfully applied in a managed services environment. Thus, the findings extend the need for more open project management methodology including agility for transformation projects [Beck et al., 2001]. The proposed framework can bring value to MSPs and their ambidextrous capability is a pre-sales argument favoring them to venture into capturing new clients.

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