

Case Study: India's BLP Sources Long-Term Business Innovation

Plan For The Right Incentives To Source Continuous Business Value

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Why Read This Report

With a number of large outsourcing contracts in Asia Pacific coming up for renewal in 2014 and 2015, organizations are asking how they can move away from traditional, rigid engagements focused on maintaining IT systems and instead find ways to source continuous business innovation and value. Bharat Light and Power (BLP), one of the largest clean energy generation companies in India, recently signed a 10-year engagement with IBM to build a new business capability that aims at nothing short of transforming the utility sector in India. This case study describes the utility's approach to sourcing such a technology-dependent business capability and the key principles that will drive the right behavior from its IT services partner over the length of the contract..

IBM Brings the Right Technology Capabilities and More

While BLP's leadership team brought a wealth of expertise in the renewable energy space, it clearly lacked the IT expertise to pull off this highly technology-dependent venture. Given the time constraints and lack of internal resources, BLP opted for an outsourced technology management organization. (see endnote 6) Its technology services partner would not only design, build, and operate BLP's infrastructure and application environment, but also make the business strategy a reality. IBM was one of the few service providers whose capabilities covered all of the necessary building blocks for this approach to come to fruition:

- Scalable, cost-efficient cloud-based infrastructure and middleware layers. IBM uses SoftLayer Technologies' cloud infrastructure to centrally monitor and manage BLP's existing and future generation plants as well as store and manage the data. This provides BLP with the opportunity to optimize the infrastructure from the ground up rather than employing a one-size-fits-all cloud infrastructure-as-a-service offering. IBM's middleware technology enables the data acquisition layer that links the sensors embedded in the turbines as well as other captors (including climate) to the SCADA systems and back to the system of engagement, with its processing and analytical capabilities.

- Proven software assets including applications, analytics, and business process management. IBM also designed and built the application environment, including the operations support system — the nervous system of any utility service provider. IBM's Business Analytics and Optimizations solutions, including Cognos, will provide the tools needed to deliver efficient and predictive analysis of the data generated by the power generation sources. Building on its smarter planet engagements in the utility space throughout the world, IBM also brings deep expertise in the realm of utility process management and automation. Maximo Asset Management is one of the software assets used to automate the management of the operating assets. IBM's mobile technologies will also empower

BLP's ground staff with the right information to be more efficient when operating and maintaining the assets.

- A shared passion for a smarter planet. Successful outsourcing relationships are built on trust, co-innovation, and shared objectives. The success of the BLP venture will be no different. While it's still on paper, bringing renewable energy expertise from BLP and IT expertise from IBM seems like a no-brainer; making the relationship work requires more than just technology. The result has to be much more than the sum of IBM and BLP. It's clear that the people on both sides of this project share the same passion: "How do we change the energy paradigm and better utilize the planet's resources?" BLP's objective of being a digital disruptor — leveraging its energy services platform to help other renewable energy-generation companies optimize their assets — is another powerful motivator for both BLP and IBM.

Early Results Show That IBM Is a Critical Part Of The Business

While this planned 10-year relationship is still in its early stages, BLP seems highly satisfied with the spirit of the relationship and the milestones that it has achieved since signing the contract. Interestingly, IBM is seen as an integral part of the company's business success, including the customer acquisition process — IBM has been going the extra mile to help BLP get new clients. For instance, before BLP execs meet potential investors, the BLP and IBM teams always get together to discuss how the latest developments in the analytics platform can support BLP's pitch. It will be interesting to see how the relationship pans out over the coming months and years.