

Product modernization solution for SaaS delivery

Transforming software companies to compete in a rapidly-changing, cloud-first world

Software and technology companies are quickly discovering the many benefits that software-as-a-service (SaaS) cloud-based models provide. A SaaS model is customer-centric. Companies can get a clear view of which features customers use, and how often they are using the product to make real-time adjustments. It generates predictable, subscription-based revenue, uses a single code base and lets software companies seamlessly deliver less intrusive updates that ensure customers enjoy the latest version of products simultaneously. By delivering regular updates and keeping products fresh, current and consumer-focused, software vendors can offer better software delivery, drive revenue and improve customer satisfaction.

What's more, these same enterprises can free themselves from equipment purchases and maintenance, while taking advantage of the numerous benefits that come with operations elasticity and business flexibility.

If SaaS delivers so many benefits, then why aren't more traditional software companies modernizing their product environment to take advantage of efficiencies offered by the cloud? Good question.

The challenges in product modernization

The truth is, product modernization — moving operations completely to the cloud — can be an expensive and disruptive endeavor if not done correctly. For example, when a company changes its business model from an

on-premises site license model to a subscription one, the way revenues are reported, calculated and incurred can drastically affect the company's finances. This includes everything from P&L to financial planning and back office operations to sales compensation.

Likewise, the impact to product management can be significant. That's because it involves hard choices as well as new opportunities to streamline product offerings. It can be challenging for companies to determine which products and features should move to the cloud and which may be no longer viable. To do so effectively, product managers must consider the minimum viable product (MVP) customers will accept for an initial release and then plan subsequent releases based on customer feedback and preference.

With respect to human capital, a company must weigh how much of its engineering resources should be devoted to developing a cloud platform and product versus supporting legacy products destined for obsolescence. Among the necessary considerations are cost, engineering skills and speed of client migration.

In transitioning to SaaS, a firm's operations must move to a DevOps environment. While representing significant opportunities, it also means product delivery and updates must adhere to more frequent timelines, new platforms must be adopted for product development and delivery and processes must evolve to make operations more efficient.

Finally, transitioning to SaaS can impact customer support. As a customer-centric solution, a company's support system must understand the specific ways in which customers use its products. Companies not only have to determine how to onboard new users, they must nail down a process that is as seamless and effective as possible. Time to market is critical; the faster companies can bring the customer online, the sooner they can recognize revenue.

When customers are up and running, companies then take on the responsibility for customer support — another area that in many cases was traditionally provided by buyer IT departments. As with most touchpoints, support interactions yield data that can be critical to the long term relationship. Software companies that capture that data can create analytics that better predict when a customer might churn and when they may be open to new modules or additional solutions. Software companies need an enhanced focus on the customer experience, providing tools to enable self-service and scale customer support processes.

Hitachi Consulting addresses product modernization

To get the most out of SaaS migrations, software and technology companies need an experienced partner that understands the business implications in making such a move to the cloud. Hitachi Consulting brings knowledge and expertise around the entire product development lifecycle to help ensure a successful product modernization initiative.

The Hitachi Consulting Product Modernization solution addresses all aspects of product modernization, allowing software companies to gain the full value from their investments.

- 1. Financial:** On the financial side, Hitachi Consulting business experts help companies think through the product modernization business case as revenues move from an up-front license or capital purchase model to an ongoing subscription model. We also explore business case factors such as the cost to build and transfer, the cost to migrate and serve customers and revenue impacts from product sun-setting.
- 2. Product management:** To address product management, Hitachi Consulting brings skills, expertise and methodologies to help companies strategically determine which products should migrate to the cloud and what level of MVP is required for launch. We understand that the SaaS-delivery model requires a completely new way of running projects and managing resources and risk and we help companies make the transition.
- 3. Human capital:** Hitachi also helps companies evaluate their human capital to address the demands of SaaS product development. Our experience helps weigh current skills to decide what new skills will be required in a cloud-first world – and where Hitachi can provide the skills to fill in the gaps.
- 4. Architecture and DevOps:** We have the engineering and DevOps expertise to maneuver in an Agile world of more frequent software releases, knowing that SaaS products typically require architecture

and design from the ground up. Our seasoned consultants help companies with architecture, platform and database design, implementation and ongoing support using proven industry best practices. We also provide a wide range of testing and quality assurance capabilities, delivered under our unique service models.

- 5. Support:** Hitachi helps companies reconfigure their support and service areas to successfully meet the new demands of a customer-centric business model, where customers expect new functionality and more interaction in an “as a service” model.

Hitachi Consulting product modernization services

To assist companies with a successful product modernization transformation, Hitachi Consulting combines technology toolsets, sound methodologies and business expertise with flexible services. In close collaboration with an organization’s business, IT and financial leaders, we determine how our expertise will best support their success.

- **Product feature prioritization services** – Market analyst McKinsey & Company says it can take up to two years to create new cloud-based versions of existing on-premises offerings with the features that today’s customers want. To improve time to market, our experienced teams help companies score and prioritize product features to guide companies through MVP releases that are specifically prioritized to derive value based on customer preference. We leverage a feature prioritization framework to specifically quantify features per release, driving optimal MVP definition.
- **Product sustenance and sun-setting services** – Hitachi helps companies drive down the cost and effort of product sustenance and sun-setting activities through informed product lifecycle decision making that uses cost-versus-revenue methodologies. As part of the process, companies may choose to outsource legacy support and maintenance to Hitachi and allow in-house engineers to innovate and build new software products. Hitachi delivers these sustenance

and sunsetting activities under a Sunsetting-as-a-Service commercial model, aligning the cost of support to the declining value of the product in the marketplace.

- **DevOps effectiveness services** – Engineering and re-engineering for the cloud is the core of Hitachi Consulting expertise. To help companies achieve product modernization – and exchange intensive, annual releases for non-intrusive periodic releases – we offer infrastructure management, continuous integration and deployment, configuration management, monitoring and metrics and collaboration services. These services are designed to deliver business value by increasing efficiencies, accelerating time to market and reducing transition risk.

Product modernization examples

Hitachi Consulting Product Modernization addresses every aspect of SaaS transformation. Here are five examples of our product modernization initiatives at work in some of today’s largest and most successful businesses.

Global wireless carrier successfully enters the cloud services market

One of the world’s largest wireless carriers needed to modernize its aging cloud infrastructure to compete in the cloud services markets against established players. Hitachi Consulting Product Modernization teams worked with the telecom company to build a more secure, scalable and higher performance open stack compute and storage cloud platform, as well as new testing, automation and performance frameworks. The service provider’s cloud services offering has become a true market differentiator for the company. In fact, it was chosen as the backbone cloud service for the revised U.S. Healthcare.gov website.

U.S. pool manufacturer becomes a greener, cloud-based services company

The second-largest pool and spa equipment maker in the U.S. wanted to transform itself from a traditional manufacturer into a market-leading, eco-friendly pool services provider. To help them do that, Hitachi Consulting

Product Modernization engineering teams developed, designed and delivered an end-to-end solution with an array of services. Solution engineering for the project ranged from firmware to the application layer, and incorporated mobile capabilities. The cloud-based services delivery platform has enabled the company to transform and reposition itself, while strengthening its brand with consumers.

Top insurer quickly adopts usage-based insurance concept

One of the largest life and car insurance companies in the U.S. wanted to develop a usage-based insurance (UBI) offering to better compete in this highly aggressive market. Hitachi Consulting and Hitachi Automotive collaborated with the insurer's in-house engineering staff to develop, design and deliver a highly secure mobile and cloud solution built on a private cloud. The Hitachi Consulting Product Modernization solution captures real-time driving patterns that allow the company to offer steep discounts to good drivers. The pay-as-you-drive insurance idea is fast gaining market momentum and has become a key competitive differentiator for the insurer.

Global gaming company heads to the cloud to speed product releases

A leading consumer gaming company wanted to streamline and unify its development, testing, marketing, manufacturing, sales and post-sales processes with contractors and third-party suppliers. Hitachi Consulting Product Modernization teams replaced a problematic legacy platform with a seamless cloud and mobile solution that accelerates time to market and creates a universal collaborative experience for established studio and indie game developers. The SaaS cloud solution brings the company's dispersed North American, Japanese and European R&D, licensing and operations under one shared global umbrella. The cloud platform has enabled the company to turn gaming concepts into top-selling products in a fraction of the time, while

strengthening the brand and increasing market adoption.

Financial services company relies on hitachi for end-to-end cloud services

An industry leader in the financial performance field needed to modernize its systems to create a better user experience for current customers and to attract new business. Hitachi Consulting Product Modernization teams provided end-to-end SaaS transition services that included business case development, product feature prioritization, product roadmap and architecture design, user experience design, product development, testing and customer migration. Today, the company's new SaaS offering, hosted on the Microsoft® Azure Cloud, provides customers with an engaging, interactive user experience whether they're accessing the customer service portal from desktop computers, tablets or mobile phones. The new website has given the firm a lead in the marketplace.

Why Hitachi?

Our parent company, Hitachi, Ltd, has a 100-year heritage of excellence in innovation, product research and development (R&D) and engineering. Hitachi Consulting is an essential component of that success. Backed by the power of Hitachi Ltd. and Hitachi Group Companies, Hitachi Consulting benefits from almost \$5 billion annually in R&D on new technologies and approaches to drive innovation.

Hitachi is a pioneer in the creation and application of sensors to provide connected intelligence and support early internet of things (IoT) use cases in industrial markets, such as predictive maintenance and optimized factory. Hitachi was the first company to implement a Software Factory more than 40 years ago. The evolution of the Hitachi Software Factory was guided by new technologies and Agile development insights.

Today, Hitachi Consulting continues to build on the Software Factory's success with its Global Development Centers (GDCs). We bring unparalleled insight into

industry trends and innovation processes driving SaaS – and provide the breadth and depth to deliver complete Product Modernization solutions.

Turn to Hitachi for product modernization and saas-based cloud solutions

It's understandable that software and technology companies are reluctant to embark on product modernization because it can be a costly and complex undertaking if not done properly. The risks of failure at any point of the transition process can be seriously damaging or even fatal to a company's operations and reputation.

Yet, software and technology enterprises also recognize the advantages of adopting SaaS for greater flexibility, scaling requirements, to ease maintenance issues and more. To meet the needs of today's software consumers, they know they must provide a user experience that is seamless and fresh.

For that reason, such a critical move should only be undertaken with an industry-leading business and technology partner like Hitachi Consulting. We have the proven real-world cloud infrastructure, PDLC support and services expertise to lead companies through the maze of product modernization.

About Hitachi Consulting

Hitachi Consulting is the global solutions and professional services organization within Hitachi Ltd., a global innovation leader in industrial and information technology solutions and an early pioneer of the Internet of Things. Hitachi Consulting is a business integrator for the IoT era and a catalyst for digital transformation. Using our deep domain knowledge, we strategically collaborate with our clients to help them innovate faster, maximize operational efficiency and realize measurable, sustainable business and societal value. As a consulting-led solutions company, we can help you leverage data as a strategic asset to drive competitive differentiation, customer loyalty and growth. To learn more, visit www.hitachiconsulting.com.