Buyer Case Study

Sasol's IT Transformation Emphasizes Long-Term Relationships

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IDC OPINION

Increasing reliance on IT to boost yield and improve end-user satisfaction, coupled with the need of IT departments to deliver these IT services 24/7, form the main drivers of delivery center (DC) expansion in South Africa. To cater to demands stemming from this growth, organizations need to invest in scalable IT infrastructure that enables ease of management, flexibility, and the adoption of new technologies, in addition to reducing operational complexity. Effective DC management becomes crucial when an organization faces the challenges of ensuring business efficiency and IT agility, a requirement highly pertinent to a large-scale, multifaceted organization such as Sasol.

IDC sees real-time IT support as a highly critical part of hardware infrastructure, particularly in an enterprise like Sasol, which delivers directly to its end users. IDC believes the outcome of Sasol engaging HCL to deliver IT services is a relevant case study for organizations that need to manage escalating demand while ensuring ease of data management, storage scalability, and improved service efficiency in a challenging business environment.

- Sasol has achieved cost savings and operational improvements through restructuring its outsourcing relationships.

- An underlying organizational transformation guided the rejuvenation of Sasol's IT operation, and, indeed, was a crucial component of the success of the project.

- Organizations seeking to execute large-scale projects should note that a long-term strategy and strategic partnership with suppliers will be as important as technology selection in determining project success.

IN THIS BUYER CASE STUDY

This IDC Buyer Case Study reviews and analyzes Sasol's ongoing information management strategy, the business benefits of its decisions (particularly in addressing legacy issues and enabling future growth), and its evolving relationship with HCL, a key outsourcing supplier.

SITUATION OVERVIEW

Sasol, a global energy and chemicals company, needed to streamline and consolidate its disparate legacy IT infrastructure. Over time, the company had accumulated numerous separate systems, internal departments, suppliers, and outsources, and struggled to coordinate business strategy across the ecosystem.

Sasol restructured its IT infrastructure in order to consolidate and improve its platforms, applications, and supplier relationships. In turn, this allowed the vendor to execute an aggressive business strategy throughout the group that included placing a greater emphasis on global delivery.

Sasol Information Management is Sasol's IT division and is responsible for bringing the company's IT operations into alignment with the group's 'One Sasol' directive, which is driving the vendor's global transformation and expansion.

The multi-year strategic goals began with:

- Creating one global network
- Enabling a standardized communication platform
- Enhancing IT flexibility in order to expand rapidly, and
- Offering industrialized delivery of secure services globally

Once the goals of this first foundation phase were met, the company was able to offer more advanced services.

Organization Overview

Sasol is an international energy and chemicals company based in South Africa. It employs more than 31,000 people across 37 countries. The company develops and commercializes technologies, and produces a range of products including liquid fuels, chemicals, and low-carbon electricity. The Sasol Group is organized into two upstream business units, three regional operating hubs, and four customer-facing strategic business units.

Sasol is also the world leader in gas-to-liquids and coal-to-liquids technologies, and is one of the top 10 companies listed on the Johannesburg Stock Exchange. The company's mission is to grow sustainably and inclusively, using its people and technology to deliver long-term value to its shareholders. With technology forming a critical part of Sasol's success, the HCL case study forms a relevant and compelling reference point for the 21st century.

Challenges and Solution

Sasol is undergoing extensive transformation across the group as it positions itself for global expansion. Its existing ICT operation grew with the business, but had become entrenched as an infrastructure-focused organization, rather than a flexible and responsive service operation capable of delivering real business value and innovation.

For the key business decision makers and core infrastructure based in South Africa, a number of challenges prevailed:

- Siloed business units lacked synergies
- A legacy of focusing on infrastructure, rather than aligning IT with lines of business
- A lack of maturity in key technology disciplines and operations
- The current infrastructure did not allow agile development that would enable business growth and business effectiveness.
- The dispersed technology infrastructure, supporting a wide variety of projects, did not allow seamless change management
- A number of vendors operated different technology solutions in the Sasol IT ecosystem, causing complexity in management
- Varied and misaligned service-level agreements (SLAs) leading to inefficient IT support outcomes
- IT was unable to support a mobile workforce
- A lack of standardization across workstations leading to slow startup, limited self-service, and threats to data protection.
- Limited end-to-end application performance monitoring leads to less-than-optimal downtime recovery times
- IT solutions did not allow the flexibility and scalability to deliver new solutions on the scale demanded by Sasol's global operations

To streamline operations locally and abroad while cutting costs and increasing the output of resources, Sasol consolidated its DCs and operations, using South Africa as a test case. This formed the basis of the organization's expansion drive.

Sasol IM developed a three-stage project plan to improve the maturity and agility of its infrastructure. The first stage focused on consolidation and standardization. The second stage addressed IT and business alignment, improved partnerships, and embracing key 3rd Platform technologies, including mobility and cloud. The third stage emphasized business growth through innovation, enabled by the foundations established in the earlier stages.

The project plan is illustrated in Figure 1:

FIGURE 1

Title
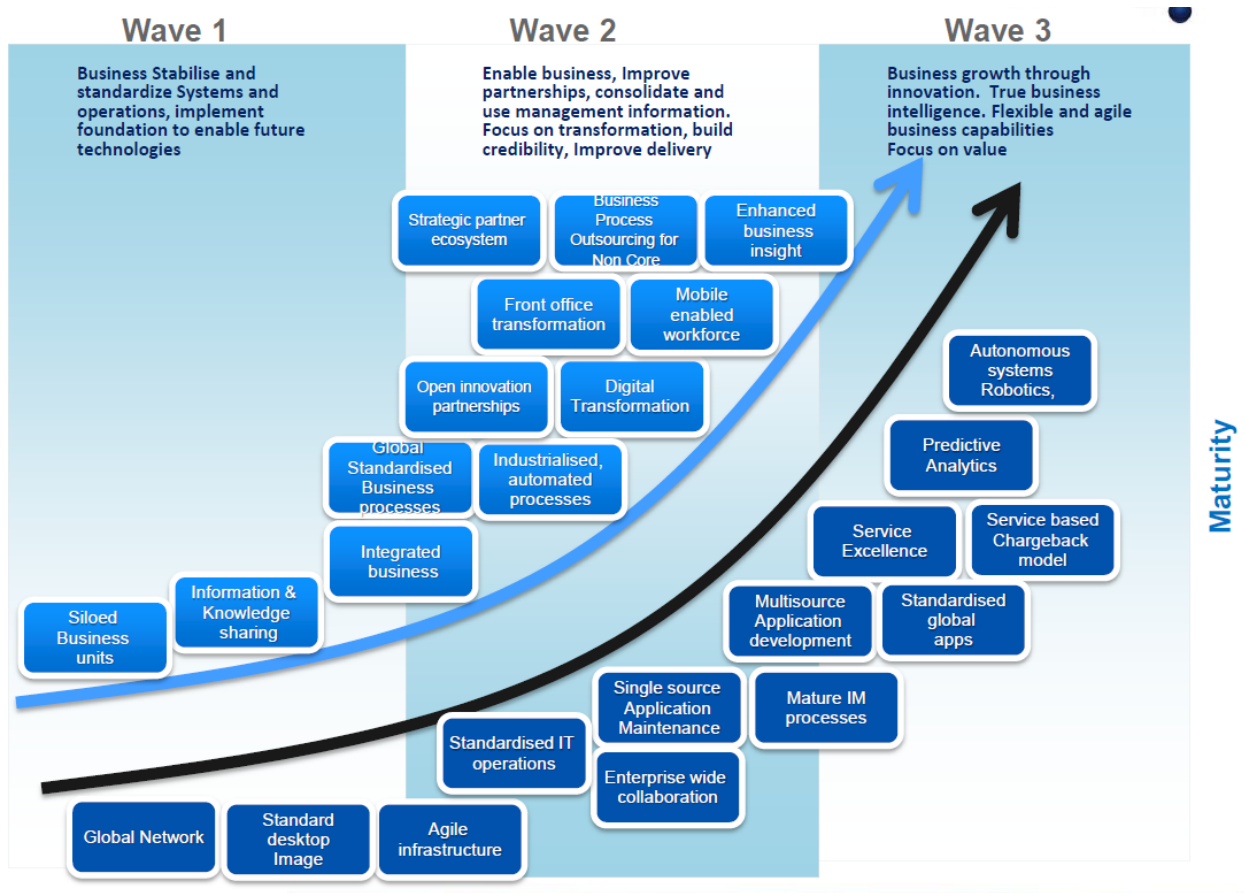
Source: IDC, 2016

Results

Sasol took an iterative approach to outsourcing components of its service infrastructure in order to ensure that its suppliers were able to deliver projects in alignment with the overarching business transformation strategy. The primary objective was to minimize disruption; this pragmatic approach ensured that various DC elements were implemented according to their importance as well as their feasibility.

HCL was appointed as Sasol's outsourcing partner at an early stage, as it had the necessary technical skills and a strong background in strategically aligning IT and business units. HCL was engaged to develop both Sasol's transformation strategy and the roadmap for its execution. As the relationship matured, the scope of HCL's involvement expanded along the roadmap.

Gradually, the relationship moved from transitioning to managing and maintaining Sasol's IT infrastructure. This not only provided the right ROI, but also maximized confidence across Sasol's IT ecosystem in terms of its availability and ability to execute projects, as well as its flexibility in managing additional requests.

Sasol began the outsourcing component of its transformation by contracting HCL Technologies to provide infrastructure support, datacenter backend server hosting, managed DC services, and strategic applications support in South Africa. As the relationship matured, Sasol expanded HCL's responsibilities to include SAP service hosting, infrastructure support, and backend services for Sasol's Eurasia and North American sites.

Sasol is on track to successfully transform its complex IT operation into an efficient and unified group, strategically aligned with the company's plans for global coordination and growth.

Benefits

Through its partnership with HCL Technologies, Sasol has achieved:

- Better global visibility of its ICT environment and ICT spending
- Consolidation of a large datacenter network into three primary datacenters
- Standardization of technology and SLAs across the organization
- Supplier rationalization
- Greater stability
- High level of virtualization
- Alignment among its IT operations with the company's 'One Sasol' transformation strategy

Most importantly, Sasol Information Management has achieved the speed and agility to adopt innovative systems and respond to new business demands. The partnership with HCL has delivered a strong platform on which it can build its next-generation business processes and differentiators.

ESSENTIAL GUIDANCE

Based on its assessment of the Sasol-HCL DC model, IDC offers the following guidance to organizations seeking scalable, manageable, and efficient delivery center solutions:

Consider the Long-Term Benefits

Organizations that plan to expand their businesses and increase their IT delivery capacities should align their long-term business plans with a unified platform and a collaborative partner for managing new deployments and IT change requests.

Think Big, Start Small, Scale Fast

With complexity comes the risk of disruption. A transition strategy that balances priority with technical and delivery feasibility must be enabled when moving services to a DC. This requires a business and technology partner that exercises technical prudence when embarking on an IT crossover campaign. In all cases, effective communication, training, and provisioning must be the key principles of engagement.

Evaluate the Technological Advantages of the Solution

In the chemical, oil, and gas sector, the often disjointed management of upstream and downstream processes can be greatly reduced or eliminated through process automation. Organizations adopting scalable and easily adaptable technology solutions will reap the benefits. In this case, having a partner that is capable of moving at the same pace as, or faster than, the customer's digital transformation strategy provides further benefit in managing the change.

Choose the Right Partner

Organizations that need to run multiple systems and store large volumes of data while managing various resource pools require a partner geared toward the 21st century – an era marked with uncertainty and agile technology lifecycles. A partner that can not only advise on the right strategy, but execute on the customer's mandate, around the clock, should be sought. A collaborative approach and continuous evaluation are required to ensure that value is delivered throughout the partnership. This can only be achieved by outsourcing with a partner with the necessary depth of skills and experience to offer strategic alignment with the customer, as well as execution.

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