IBM

Skyworks: Achieving business and IT flexibility with Applications on Demand.

Overview

■ *Challenge*
Rapid growth, fluctuating market forces and limited IT resources placed a premium on adaptability, agility and responsiveness.

■ *Why Become an On Demand Business?*
Skyworks needed a flexible and resilient technical infrastructure and pool of highly skilled resources to support a stream-lined, integrated business model.

■ *Solution*
Working with IBM Global Services, Skyworks receives applications management services that enable the company to focus on growth rather than IT operations.

■ *Key Benefits*
• *18 percent cost savings over previous solution.*
• *More responsive and business-focused internal IT resources.*
• *Scalability to accommodate changes in the marketplace.*

» **On Demand Business defined**
An enterprise whose business processes—integrated end-to-end across the company and with key partners, suppliers and customers— can respond with speed to any cus-tomer demand, market opportunity or external threat.

Responding to market change

For manufacturers in the telecommunications industry, it's a tough environment: products are complex, lifecycles are short, demand is cyclical, and everything depends on maintain-ing an innovative edge. In the space of a single year or less, the marketplace can change dra-matically. Agility and responsive-ness are critical. And no one knows that better than Skyworks.

Formed in 2002 through the merger of Alpha Industries, Inc. and Conexant Systems Inc.'s wireless communica-tions business, Massachusetts-based Skyworks Solutions, Inc. (www.skyworksinc.com) has achieved remarkable growth. The company has some 4,000 employees worldwide, with 60 percent located outside the United States at facilities throughout Asia Pacific, Europe and Mexico. Skyworks is a leading provider of radio frequency components and com-plete mobile communications solutions; its components are found in many of the world's cell phones and other wireless devices.

ON **DEMAND BUSINESS**™

Improving flexibility and responsiveness with a high level of service

On Demand Business Benefits

- Total savings of 18 percent compared to the previous IT solution.

- Internal IT staff is more responsive and flexible in supporting business demands and strategic growth initiatives.

- Skyworks can grow or change its business model freely, without being constrained by IT.

- Access and availability of operational expertise, as well as SAP and management skills, that would be far more expensive to have in-house.

- Variable pricing and offsite hosting optimize IT infrastructure and minimize capital expenditures.

" The value proposition lies in the level of services we get on a 24x7 basis…it's a very reasonable cost and a reasonable contract mechanism."

– Peter Sebilian, director of IT infrastructure, Skyworks

Skyworks knew from the very beginning that it needed to design its business and operations to be simple, flexible and streamlined to respond to changing market demands. "Our corporate tagline is 'Breakthrough Simplicity,'" says Louw Kotze, vice president of IT at Skyworks. "It's something we truly believe in, not only for our products, but for our entire business."

For Skyworks, keeping things simple and flexible meant using a hosted IT solution and remote applications management services rather than building an in-house data center to support the new organization.

Finding the right partners

Skyworks' initial IT infrastructure solution, a legacy of the merger, was adequate at first. However, it was soon apparent that something more robust and flexible would be needed to support the company's integrated business model, which relies on teams around the world working together around the clock to bring products to market as quickly and efficiently as possible.

"We were experiencing substantial growth, and the nature of the business was changing," says Peter Sebilian, director of IT infrastructure at Skyworks. "Our hosting partner was quite proficient at providing appropriate levels of support, but if we expanded into other areas, we knew we wouldn't be able to meet our business objectives as quickly as we required."

As a newly formed company looking to quickly establish marketplace traction, Skyworks needed to establish a highly scalable, flexible IT environment that would follow the philosophy of simplicity and accommodate growth while keeping costs in check. "A key factor in making this change was the need for 24x7 support for our global operations," says Sebilian. "To develop that in-house, in our dynamic environment, is unrealistic. You can't staff it eight to 12 hours a day in the U.S. and then have people on call. We have enough activity that it would demand a multiple-shift environment, which would have been difficult for us to resource and fund."

Kotze was all for a one-stop shop at the beginning. "But we decided that a multipartner approach would be best for us," he says. The key factors in the search for new, best-of-breed partners were flexibility of relationship, pricing and long-term stability. A third-party provider was ultimately chosen to host and maintain the physical infrastructure and actual servers. Corio, now part of IBM Global Services, was chosen for the management task, which entails the actual daily operations, tuning, administration and maintenance of Skyworks' SAP enterprise suite, SAP BASIS middleware, Lotus Notes® and Domino.® Additional management services include capacity management and collaborative planning with Skyworks to handle anticipated peaks in demand.

"We wanted to be with providers who were doing this for many people…who were stable, and who had the necessary resource base and expertise to be able to meet our needs over the long term," says Kotze. "This is why we were very confident in choosing IBM." Kotze also points to IBM's staff of certified SAP professionals, who average over nine years of SAP experience and would now be available to support Skyworks.

Helping Skyworks remain lean and responsive
Management services are delivered to Skyworks through the IBM Global Services OnSite offering, a part of the IBM Global Services Applications on Demand™ pay-as-you-go IT service platform. IBM OnSite allows companies to use their own data centers or, as Skyworks elected to do, make use of a third-party hosting provider. Skyworks also calls on IBM Global Services for individual projects beyond the scope of the standard monthly contract on an as-needed basis.

The initial application management engagement included several months of work with a project manager from Corio and IBM, who together with the Skyworks team created detailed implementation schedules and responsibility matrices that addressed each and every component in the enterprise. "This proved very useful – helping us identify exactly what parts of the overall solution we're responsible for internally and what the IBM contract covers, on a worldwide basis," Sebilian notes.

Key Components

Software

• IBM Lotus Notes/Domino Services

• SAP R/3 and SAP BASIS

Services

• IBM Global Services Applications
  On Demand – OnSite

• IBM Application Services for SAP

" The perfect state for us would be a totally elastic IT shop, but that's very difficult when you own and manage the IT assets and head-count yourself."

– Louw Kotze, vice president of
  IT, Skyworks

Sebilian also appreciates the variable pricing structure offered by IBM. "We have a monthly fee based on a variety of factors, but we were also provided with a detailed a la carte menu. It gives us great flexibility and cost-effectiveness…it makes it easy to scale the solution as needed, because we know up front what the costs will be," he says. The contract is reviewed on a quarterly basis in a formalized process that keeps everything on track. Skyworks has elected to keep certain IT activities in-house, such as application configuration and development, and helpdesk services, since these do not require rapid scalability or variable pricing.

"We categorize the maturity of our relationship with IBM into three phases: migration and stabilization, production and growth execution," adds Sebilian. "The first two phases came to fruition on schedule and on budget through shared responsibility and a partnership philosophy. The final phase, which is ongoing, has been strongly supported by IBM. Its professional services organization has been integral to several key projects involving technical architecture redesign, performance improvement

strategies and SAP-related solution rollouts. IBM brings to Skyworks a broad skill-set availability virtually unattainable through a traditional consultative model."

Skyworks' multipartner solution has paid off handsomely, with an 18 percent cost savings over the previous environment. In addition, it has allowed the company to apply the resources and expertise of its internal IT staff, who best understands the business and the users, on highly strategic activities that directly impact the bottom line. In short, Skyworks' chosen IT path has enabled the company to remain lean and responsive, able to invest in growth and innovation without having to make heavy capital expenditures in IT operations.

"The independent contracts have proven very beneficial for us," Kotze concludes. "They've allowed us to remain true to our corporate vision of simplicity and have given us the edge we need to grow vigorously in a difficult economy."

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