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Featured Application

Outcome-Based Offer of the Year – Services Operations Management

Turning Operational Resilience into a Measurable, Shared Commitment

Innovation and Creativity

Hitachi Vantara created Services Operations Management (SOM) to transform how enterprises procure technology operations. Instead of selling staffing capacity or prescribed activities, SOM commits Hitachi Vantara to delivering measurable operational outcomes that support business continuity, regulatory compliance, and resilience. Each outcome is governed by mutually agreed KPIs and stringent SLAs, backed by financial penalties. This gives customers flexibility and predictable costs together with clear accountability for results.

The catalyst was a highly publicized service disruption at a financial-services customer that caused reputational damage and significant regulatory penalties affecting the organization and its senior executives. The CEO subsequently convened the company's strategic technology partners to determine how similar failures could be prevented.Hitachi Vantara recognized that the customer did not simply need more people or another conventional managed-services contract. It needed confidence that the operational conditions underpinning business continuity and regulatory compliance would be consistently maintained. We therefore proposed a shared-risk, outcome-based operating model.

Through a series of workshops, Hitachi Vantara and the customer jointly developed a dependency map connecting critical technology services to the organization's business-continuity and resilience commitments. This allowed us to define the required operational outcomes, KPIs, SLAs, tools, dashboards, reporting, and governance. Today, Hitachi Vantara manages nearly 30 KPIs across 10 distinct service categories, with a specific SLA for every KPI. The engagement covers more than 100 systems supporting operations across 10 physical sites in multiple cities.

AI underpins key elements of the Hitachi Vantara observability platform and enables SOM to operate efficiently at scale. For example, AI/ML-powered automated topology mapping discovers systems and maps relationships among infrastructure, applications, and business services. It replaces labour-intensive manual mapping, reduces human error, and keeps operational views current as the environment changes. This helps teams assess potential service impact, prioritize actions, and intervene proactively while reducing operational effort.

The commercial model was equally innovative. Instead of pricing by headcount, Hitachi Vantara used value-based pricing linked to the customer's known financial exposure from the outage. This moved the discussion from "How many people are being supplied?" to "How much risk and cost can be prevented?" Although this challenged established procurement practices, the customer's CEO supported negotiating the value and price of the service without requiring a traditional cost-component breakdown. This established an important precedent: operational resilience could be contracted as a business outcome rather than as labor capacity.

Impact and Results

The engagement is now in its fourth year. A substantial Hitachi Vantara team operates around the clock, 365 days a year, across multiple shifts—and has met its contracted commitments without incurring a single SLA penalty.

Hitachi Vantara is now embedded in the customer's planned and unplanned business-continuity and disaster-recovery exercises, including drills subject to regulatory audit. Positive observations about our processes, service quality, and skills have further demonstrated value beyond the original contract.

The engagement has also expanded to address additional financial and operational outcomes. One major challenge was the underutilization of allocated IT assets, which was contributing to avoidable technology expenditure. Hitachi Vantara combined automation, telemetry, and usage data to identify underused resources. This enables the customer's IT team to conduct objective, evidence-based discussions with its lines of business, reclaim unused capacity, and reallocate existing resources instead of purchasing more.

Over the last three years, reclaimed IT capacity has delivered cumulative savings exceeding US$8 million—substantially more than the customer's expenditure on SOM. This outcome has improved asset utilization, reduced costs, and strengthened trust among IT, the lines of business, and Hitachi Vantara.

SOM has also generated significant commercial value for Hitachi Vantara. Direct SOM business from this account has exceeded US$6 million, while the broader relationship has grown to more than US$30 million. Operational telemetry provides early visibility into emerging customer needs; in some cases, the resulting capacity and performance evidence has led directly to purchase orders without a conventional sales cycle.

Customer-Centric Approach

SOM was designed with the customer, not simply presented to them. Developing the statement of work and contract required several months of workshops involving business, technology, risk, procurement, and executive stakeholders. The jointly developed dependency map ensured that service commitments reflected the customer's priorities and regulatory responsibilities. Outcomes, KPIs, SLAs, tools, dashboards, and reports were agreed collaboratively, creating transparency and shared ownership.

Governance operates at multiple levels. Alongside regular project and functional reviews, senior leaders from Hitachi Vantara and the customer participate in a monthly Executive Steering Committee. The committee reviews deliverables, KPI and SLA performance, business outcomes, and emerging risks. Early-warning indicators allow both organizations to take remedial action before an issue develops into a material service disruption.

The service evolves as customer needs change. Its modular structure enables customers to begin with selected critical outcomes and expand over time, avoiding the cost and inflexibility of a large strategic-outsourcing commitment. This combination of responsiveness, transparency, and shared accountability has created high levels of executive engagement and confidence.

Execution, Scalability, and Long-Term Value

Hitachi Vantara implemented SOM through a disciplined sequence: map business-service dependencies; identify critical outcomes; establish measurable KPIs and SLAs; define accountability and financial consequences; implement the enabling observability, automation, dashboards, and reporting; and establish multi-level governance.

The model has since expanded across accounts and geographies. Hitachi Vantara now serves approximately 15 SOM customers with a combined annual contract value exceeding US$30 million. SOM makes a significant contribution to our profitable-growth objective and changes the nature of customer engagement—moving conversations beyond staffing, activities, and cost toward the operational and business outcomes customers need to achieve. This increases Hitachi Vantara's strategic relevance and creates a repeatable platform for sustainable account growth.

SOM is also repeatable. Its AI-enabled observability, automated topology mapping, telemetry, outcome-definition, commercial, and governance frameworks can be adapted across customers. Automation reduces the effort and errors associated with maintaining complex operational maps, enabling the service to scale while preserving consistency and control.

By replacing resource-based contracting with shared accountability for outcomes, Hitachi Vantara has transformed services operations from a cost input into a platform for resilience, measurable savings, customer trust, profitable growth, and sustainable revenue expansion.


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