Coldwater Creek

BSM Approach Delivers Cost Savings and Higher Efficiency at Coldwater Creek

Geography
North America

Industry
Retail

Business Need
Architect the delivery of IT service to the point where it is highly automated and unobtrusive, and facilitates work processes so that employees can provide the best possible service to Coldwater Creek customers.

Solution
BSM solutions from BMC are enabling IT technology operations to eliminate downtime, speed problem resolution, reduce costs, and empower employees to provide better service to the company's retail, online, and catalog customers.

Results

> $1.8 million reduction in annual expense budget, which contributed nearly two cents to earnings per share

> Faster restoration of service

> Improved service quality

> Increased confidence in IT on the part of business users

"BSM has given us a framework for improving monitoring, tracking assets more accurately, eliminating unplanned downtime, and handling rapid growth — all without drastically increasing our headcount. As a result of our BSM efforts, we've saved $1.8 million in our annual expense budget, which has contributed nearly two cents to Coldwater Creek's annual earnings per share."

Michael G. Carper
Divisional Vice President, Technology Operations
Coldwater Creek, Inc.

The IT staff at Coldwater Creek has its work cut out for it. The company operates nearly 250 retail stores, as well as online and catalog retail operations. The highly seasonal nature of the retail business means IT must cope with major fluctuations in the workforce during peak holiday seasons. Adding to the pressure is the company's strategic plan, which calls for adding approximately 70 stores each year over the next five years.

The IT staff has addressed these business challenges by establishing a clear blueprint for Business Service Management (BSM), the most effective approach for managing IT from the perspective of the business. A major goal of this BSM blueprint is to ensure that the information technologies deployed at Coldwater Creek add value for employees by enhancing their ability to serve customers effectively. BSM solutions from BMC Software are playing an important role in advancing the group's vision.

A BLUEPRINT FOR BSM

In 2004, the IT operations staff was hampered by limited tools for managing the infrastructure. Unplanned outages, delays in service restoration, and numerous recurring incidents were disrupting business operations. Only minimal data was available for determining the business impact of outages, tracking assets, deploying operating system patches, estimating resources, and rolling out new functionality.

The staff determined that adopting best-practice processes based on IT Infrastructure Library (ITIL®) guidelines would help overcome these obstacles. Further investigation showed that the BSM approach promoted by BMC closely matched Coldwater Creek's vision for aligning IT with the needs of the business. Moreover, BSM solutions from BMC offered out-of-box support for ITIL processes, which would facilitate ITIL adoption.

"ITIL lays out the processes around service support and service delivery," Carper says, "and it stresses the importance of integrated processes. What I've found is that the BMC products are well integrated. At the same time, they integrate easily with solutions from other vendors, so we can continue to use systems we already have until we are ready to replace them. We can take an incremental approach that moves us toward our vision."

Key Products Used
> BMC® Remedy® IT Service Management Suite
> BMC® Atrium™ CMDB
> BMC® Remedy® Knowledge Management
> BMC® Application Manager
> BMC® Topology Discovery
> BMC® Identity Management for .NET

The staff developed a BSM blueprint that includes two key components. The first is to measure and improve the quality of service to the business. The second is to measure and improve the quality of experience for users.

MAKING THE BLUEPRINT A REALITY

Coldwater Creek has implemented the BMC® Remedy® IT Service Management Suite to support ITIL processes for incident, problem, change, service level, and asset management. In addition, the company uses BMC® Application Manager, part of the BMC Configuration Management suite, for software distribution, configuration, management, release management, and policy management, and BMC® Topology Discovery to integrate with the IT service management applications to discover network assets.

The BMC® Atrium™ Configuration Management (CMDB) acts as the central repository for core information about configuration items (CIs). The autodiscovery tools populate the CMDB and keep it up to date. "We use a federated model," Carper explains. "The BMC Atrium CMDB stores fundamental information about our environment and provides pointers to other essential and more detailed information. As such, it has given us the ability to tie assets to incidents and problems. If someone calls, we know what assets they're using and where those assets are. We can track all issues associated with each asset."

The data stored in the BMC Atrium CMDB is enabling the staff to correlate incidents and do root-cause analysis. Consequently, IT operations can pinpoint and eliminate underlying problems that cause incidents to recur. In addition, the staff has the information it needs to manage the asset lifecycle more effectively and ensure that the company doesn't pay for assets that have been retired.

BMC Application Manager has greatly simplified software distribution and management, and consequently, has delivered dramatic cost savings. The solution provides the granularity to deliver applications to desktops and laptops based on user role, while also allowing the staff to accommodate exceptions involving an individual who needs a special application. The solution's policy-driven approach allows the staff to enforce standards regarding who has access to which applications, as well as to get users back up and running quickly when a hardware failure occurs, a laptop computer is lost, or a new computer is installed. The solution automatically recreates the user's environment, including applications, documents, and e-mail.

BMC Application Manager provides an accurate accounting of software usage, which helps in negotiating license agreements and service contracts. For example, when the three-year Microsoft Enterprise Agreement came up for renewal, the staff was able to provide undisputable data showing the company was using far fewer software licenses than the value-added reseller (VAR) and Microsoft estimated. As a result, Coldwater Creek slashed approximately $500,000 from its enterprise license agreement. This same process has reduced licensing costs with other software vendors as well.

BMC Configuration Management has enabled Coldwater Creek to capture an accurate hardware inventory across its Windows, Linux, and Macintosh platforms. The staff used this solution to create strategic replenishment reports that served as a basis for negotiating longer-term volume discounts for laptop and desktop purchases. The effort resulted in more than $200,000 in hardware savings over a three-year period.

FUTURE PLANS

Next steps in advancing the blueprint include leveraging the BMC® Identity Management for .NET solution to fully automate provisioning of IT services. Automation will speed and simplify the handling the large influx of employees during seasonal peaks in employment. When a new employee joins the company, the BMC solution will provision access to appropriate applications and configure workstations based on employee role — and immediately deprovision all resources when an employee is terminated.

The company also plans to add BMC® Remedy® Knowledge Management. Initially, this product will give service desk agents access to information that increases first-call resolution rates and provides faster response when users call. Longer term, it will enable IT operations to provide self-service capabilities to the end-user community. The company is also considering BMC® Service Impact Manager, which would allow the creation of models that help the staff visualize the impact of IT component unavailability on the business and understand the root cause of business service degradation.

CUSTOMER'S FINAL WORDS

"Today, I can look at my Blackberry and see that an incident was discovered and a ticket was automatically generated," Carper says. "Within a minute or so, I can see that someone has taken ownership of the ticket. In most cases within the next five minutes, I can see that the service has been restored. That's what BSM from BMC is about, and it's extremely powerful to be able to see things happen this quickly. It brings the peace of mind of knowing we are being effective."

About Coldwater Creek

Coldwater Creek, an integrated, triple-sales-channel retailer of women's apparel, jewelry, gifts, and accessories, conducts business through a growing number of premium retail stores located across the United States, an e-commerce Web site at www.coldwatercreek.com, and direct mail catalogs. The company employs nearly 10,000 people. In 2005, the National Retail Federation chose Coldwater Creek as the number one retail company for customer service in the specialty apparel retail sector and number two in customer service for all retail companies in the U.S. combined.

About BMC Software

BMC Software delivers the solutions IT needs to increase business value through better management of technology and IT processes. Our industry-leading Business Service Management solutions help you reduce cost, lower risk of business disruption, and benefit from an IT infrastructure built to support business growth and flexibility. Only BMC provides best practice IT processes, automated technology management, and award-winning BMC® Atrium™ technologies that offer a shared view into how IT services support business priorities. Known for enterprise solutions that span mainframe, distributed systems, and end-user devices, BMC also delivers solutions that address the unique challenges of the midsized business. Founded in 1980, BMC has offices worldwide and fiscal 2006 revenues of more than $1.49 billion. Activate your business with the power of IT. www.bmc.com.

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