

drugstore.com, inc. maximizes technology innovations, increases productivity, reduces operating costs, and achieves business maturity



“HP’s Project and Portfolio Management Center and ResultsPositive’s consulting services were instrumental in helping us accelerate our delivery of innovative business solutions.”

Luke Friang, CIO, drugstore.com

HP customer case study: HP Project and Portfolio Management Center and consulting services from ResultsPositive accelerated delivery of innovative business solutions

Industry: business-to-consumer e-commerce

Objective

- Increase IT productivity and reduce operating costs
- Optimize IT investments in innovation and business-growth projects
- Centralize business access to quality IT services
- Maximize visibility to prioritize, manage, and measure the outcomes of IT projects
- Meet ongoing Sarbanes-Oxley (SOX) requirements

Approach

Implement HP Project and Portfolio Management (PPM) Center solutions and ResultsPositive PPM Rapid Start services to achieve maturity in drugstore.com’s technology operations, automate business processes, and increase its innovation portfolio mix.

IT improvements

- Centralized technology demand request portal, enabling business and technology users to collaborate more efficiently
- Portfolio prioritization and project management of business innovation projects
- Key performance indicators (KPI) scorecard reporting
- Automated project and application change lifecycles
- Bi-directional integration with BMC Service Desk

Business outcomes

- Increased innovation portfolio mix
- Increased visibility into technology demand, portfolio, and service performance
- Improved project on-time delivery
- Reduced employee on-boarding time



The road to maturity

drugstore.com, inc., founded in 1998, is a leading online retailer of health, beauty, vision, and pharmacy products. Its Web store, online since early 1999, offers more than 30,000 over-the-counter products. The drugstore.com pharmacy™ is licensed and able to dispense prescription medicine in all 50 states. With approximately 900 full-time employees, drugstore.com recorded \$445.7 million in net revenue for FY07.

Through its first few years, drugstore.com operated like many other e-commerce pioneers: Its business and technology processes were largely informal and ad hoc. Some of its processes for project prioritization, resource allocation, human resources, tracking, compliance, and reporting were documented—but many were not. Few processes were automated, draining valuable people and technology resources.

Company leadership recognized the need to mature—and gain greater visibility into—their technology operations. By automating processes in such areas as project status and project portfolio reporting, project management stage-gate methodologies, personnel on-boarding and off-boarding, application change, and compliance auditing and reporting, the enterprise would be in dramatically better position to spend more time and resources on innovative, revenue-producing projects.

drugstore.com's ultimate objectives were to optimize its technology investments, systems, and processes—which, in turn, would lead to reduced operating costs, improved project prioritization, and optimized investments in innovation and business-growth projects. A project and portfolio management implementation was in order, and drugstore.com executives turned to HP PPM Center and ResultsPositive PPM Rapid Start services for the solution.

From goals to results

drugstore.com wanted to have best-practice technology and operational processes in place so that the company could spend more of its resources on creating—and accelerating—innovative business solutions that would benefit its customers. To do that, company executives required greater visibility and control of their projects, automated lifecycle business processes, solidified technology governance, and reduced auditing expenses. Essentially, they wanted to shift the focus from delivery of technology service to delivery of innovative business solutions. drugstore.com's specific objectives were to:

- **Increase its innovation portfolio mix**

The company measures innovation as the percentage of its overall technology budget spent on new

strategic “business growth” solutions versus keep-the-lights-on operational and regulatory projects. Some examples of innovative technology projects include new and enhanced Web store sales and marketing, as well as Web checkout solutions and capabilities.

- **Increase visibility and transparency of its technology demand, portfolio, and service performance**

By replacing its system of manual reporting with real-time dashboard reporting of project status and the complete IT portfolio, drugstore.com would significantly reduce its administrative burden when it came to tracking, reporting, and communicating the status of the programs and projects to key stakeholders.

- **Improve on-time project delivery**

An automated project stage-gate methodology significantly improves process efficiencies and repeatability. And, with built-in Sarbanes-Oxley (SOX) compliance controls, it reduces corporate compliance and auditing efforts, lowering annual auditing efforts.

- **Reduce employee on-boarding time**

Automating employee on-boarding and off-boarding processes not only greatly reduces the burden on Human Resources, it also confirms compliance with SOX security/access requirements—and offers the added benefit of improved employee morale.

How HP PPM Center works for drugstore.com

HP PPM Center is the centralized portal that the business and technology staff of drugstore.com uses to submit and track requests. It gives executives and managers real-time visibility into, and centralized control over, strategic and operational technology demand—including current project investments, proposals under review, and the deployment of application changes at the enterprise, department, and team level.

HP PPM Center in action

Bi-directional integration between HP PPM Center and BMC Service Desk Express provide visibility to operational or non-project requests within HP PPM Center. Request updates are passed to HP PPM Center, providing the end user with the status of updated requests (and requests for additional information). When requests are resolved, they are automatically closed in BMC Service Desk Express, and updated and subsequently closed in HP PPM Center. They are then quickly followed up with a satisfaction survey that is transmitted to end users.

Requests that require application changes and/or the need for additional resources are updated in HP PPM Center, followed by the creation of a change-control request for tracking and approval. Release managers use a release form to consolidate change requests when they perform release-planning and release-management activities.

Using several integrated modules, HP PPM Center helped drugstore.com: 1) align its technology activities with its business goals, 2) gain financial visibility and governance throughout the lifecycle so that its technology operations could run like a business, and 3) make sure the right people were working on the right projects at the right time. Plus, its Web-based user interface gave managers a real-time executive dashboard that automatically reports the status of all projects. Management could then easily analyze their portfolios and see what the business was doing. Here is a list of the modules that drugstore.com used and how the company utilized them:

Portfolio Management module—drugstore.com’s Project Management Office (PMO) and executive team used the HP PPM Portfolio Management module to create and manage their annual budget—as well as to perform “what-if” scenarios to balance their business demands with their technology budget and personnel constraints.

Program Management module—PMO and executives used the HP PPM Program Management module to track and report the roll-up status and financial reports for large, multi-project initiatives.

Project Management module—PMO and project managers used the HP PPM Project Management module to manage project work plans and associated project issues, risks, and scope changes.

Time Management module—drugstore.com’s entire technology organization used the HP PPM Time Management module to report the amount of time it spent on project and operational support.

Demand Management module—The HP PPM Demand Management module was the foundation for tracking all business and technology demand—as well as for the automation of lifecycle workflow processes such as proposals, projects, user provisioning, application change requests, and release management—and was used by all technology team members.

Resource Management module—PMO and resource managers used the HP PPM Resource Management module to analyze and track resource utilization, forecasting, and project assignments. This included resources working on non-project and project work—giving drugstore.com a complete picture of its technology resource capacity.

Financial Management module—PMO and Finance used the HP PPM Financial Management module to report capitalized project and operating expenditures to the chief financial officer.

How ResultsPositive PPM Rapid Start works for drugstore.com

drugstore.com chose HP PPM Center and ResultsPositive PPM Rapid Start to increase the return on its project and portfolio management investment. ResultsPositive is a leading HP Software Business Partner selling HP PPM Center solutions, and its consultants have extensive operational experience using HP PPM Center software. ResultsPositive’s solution portfolio embraces technology management best practices and consists of: 1) pre-configured best-practice solutions and templates, 2) a comprehensive implementation toolkit featuring business process and product training course materials, and 3) a comprehensive set of role-based dashboards and more than 100 customized graphical portlets with which to monitor performance trends.

ResultsPositive solution for employee user provisioning

Leveraging ResultsPositive’s configured workflows and templates to augment HP PPM Center’s Demand Management module, managers, employees, and specific business units such as Human Resources now have a central location to request office space and productivity tools whenever an employee or contractor comes on board. drugstore.com can create role- and team-based user profiles, expediting the provisioning of workstation hardware, the loading of all user-appropriate software applications, and the granting of associated user IDs and security access. Employees and contractors can make a request for new/updated hardware and software, which then automatically goes to the manager for approval.

Off-boarding employees is also now more efficient. All hardware, software applications, and access grants are disabled before terminated employees and contractors leave the organization. As a result, drugstore.com has reduced the time spent on its on-boarding provisioning process. These automated processes offer the added benefit of helping the company comply with security/access regulations. In fact, drugstore.com has reduced its security and access auditing efforts and has experienced a similar improvement in access and security compliance since implementing ResultsPositive solution for employee user provisioning.

Customer solutions at a glance

Primary application

Technology and business process optimization

Primary software

HP PPM Center

- HP PPM Portfolio Management module
- HP PPM Program Management module
- HP PPM Project Management module
- HP PPM Time Management module
- HP PPM Demand Management module
- HP PPM Resource Management module
- HP PPM Financial Management module

ResultsPositive

- HP PPM Center Rapid Start
- Service Management Rapid Start
- Application Lifecycle Management Rapid Start

Services

Strategic consulting from ResultsPositive

drugstore.com leveraged the expertise of ResultsPositive consultants and implemented the following Rapid Start solutions to establish, accelerate, and customize its PPM program:

- **PPM Rapid Start**, consists of proposal lifecycle management, project lifecycle management, and project controls for issue and risk management services
- **Service Management Rapid Start**, leverages ITIL best practices to make sure that all application change, user provisioning, and associated releases are updated in HP PPM Center as they happen
- **Application Lifecycle Management Rapid Start**, consists of application change, application enhancement lifecycle management, and release planning and release management solutions

These solutions were leveraged to support and enable an interactive prototype development effort that provided drugstore.com with a hands-on view of interim solutions, streamlining the overall development lifecycle. Role-based dashboards and general trending metric portlets helped to confirm and quickly roll out work queues, status reports, and performance reports. End users also took full advantage of Rapid Start training course materials, which served as a template to create customer-specific training documents that support business processes as well as all HP PPM Center features and capabilities.

Additionally, drugstore.com enlisted ResultsPositive's management consulting services in a separate project focusing on the company's technology vision, goals, and objectives, which were organized into KPI performance scorecards. ResultsPositive consultants then implemented solutions that enabled real-time reporting of the following:

- On-time and on-budget project reporting
- Portfolio innovation mix reporting
- Service-level agreement (SLA) reporting
- Customer and end-user satisfaction reporting

drugstore.com today: innovating on a daily basis

With a laser focus on reducing costs, optimizing its technology operations, and becoming a profitable organization, drugstore.com made the decision to implement HP PPM Center and ResultsPositive PPM Rapid Start in early 2007. The company began a phased deployment approach with Phase 1 deployment in April 2007, followed by Phase 2 and Phase 3 by September 2007. Today, company executives are confident they have the right prescription for e-commerce success. In December 2007, drugstore.com reported the addition of 398,000 new customers—bringing the total number of customers since its inception to approximately 10 million. With its business and technology processes automated, monitored, and accurately reported, the company is achieving its objectives so that it can focus on what its consumers demand: innovative and rewarding customer experiences.

To learn more, visit www.hp.com/go/ppm or www.resultspositive.com

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