

# The Optimal Outsourcing Outcome

Cobra Electronics Focuses On What the Business Does Best

by **Lauren Bonneau**, Managing Editor

After 50 years of innovation, Cobra Electronics Corporation, a leading designer and marketer of mobile communications products, continues to grow through its award-winning products, expanded distribution, and overall global reach. Cobra is headquartered in Chicago, Illinois with international offices in Hong Kong and Dublin, Ireland.



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When a business chooses to purchase ERP software, the next big decision is whether to host the hardware and maintain the software internally or to hire a partner to provide these services. When Cobra Electronics Corporation decided to implement SAP software, the business opted to go with the outsourcing model.

“Over the last 10 years, this organization’s strategy has been to focus on getting into new markets and more countries,” says Dean Marino, Senior Director of IT at Cobra, who has been at the company for almost 20 years. “Our president and executive team continue to focus on our global presence by expanding our distribution internationally, getting more and more products out there globally, to increase overall sales and revenue.”

But to expand distribution and sales operations successfully, businesses need updated IT infrastructures that can accommodate the influx of changes and growth. Over the past decade, Cobra realized that its aging legacy system was no longer supporting the organization. “The software was requiring frequent heavy customizations, and it did not support essential functions for a business looking to expand globally from consolidations of multiple companies and currencies, such as rate of exchange,” says Marino.

So, in 2003, the business decided it was necessary to look for a new ERP solution.

### **The Search Is On**

By early 2004, after evaluating different ERP packages in the market, Cobra selected SAP as its provider because SAP’s software for distribution, financials, data warehousing, and reporting best supported the company. “Based on overall functionality, it best fit our business and would allow us to grow globally — and as we grow, the ERP solution would support that as well,” Marino says.

Once a go-live date for the SAP implementation was set for January 2005, Cobra took stock of the small team of five that would be charged with supporting both the technical and application side of the business — and the business decided to go with a partner for these services. “We had no hardware to support the SAP environment, and we had no internal resources with expertise in SAP implementations or the ability to provide support moving forward once we went live,” says Marino.

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— **Dean Marino**, Senior Director of IT,  
Cobra Electronics Corporation



“We felt it made more sense to partner with professionals, given the complexity and the huge undertaking of migrating and implementing an SAP environment,” he says. “We did not want to invest in infrastructure and have to go through a learning curve or hire new bodies to support the new environment.”

To organically grow its IT team internally, Cobra would have needed to hire and train people for technical and application support, and possibly an SAP manager. “Instead of incurring the initial and ongoing expenses of bringing in and supporting that type of additional headcount internally, we could outsource and thus focus on core competencies of the organization, not on trying to grow a massive internal IT department,” Marino says.

The company saw that the decision to outsource both its hosting services and application management support services would bring with it these business benefits:

- Reduce training efforts by not having to educate and retain in-house resources
- Free up internal IT staff to focus on business improvements
- Partner with proven expertise in all of the respective areas needed
- Control costs by paying for support services only when they are needed

### **Outsourcing SAP Application Support**

After going live with SAP ERP, Cobra worked with itelligence to utilize its resources for application consulting support, specifically in the areas of sales and distribution, materials management, and data warehousing.

Instead of hiring several different consultants to come in and each provide expertise in a certain SAP area, Cobra contracted with itelligence to outsource application support to a team of people that work to keep the whole SAP landscape optimized. When Cobra started working with itelligence, half a dozen key application support resources went to Chicago. These resources provided stabilization services, during the critical time that required more intensive SAP maintenance, supporting custom development, and various reporting needs, such as new business intelligence (BI) reports.

Once the support advantage group stabilized the SAP environment, Cobra was able to utilize itelligence in a pure remote on-demand model. In fact, it has been several years since any consulting resources have been required to travel onsite. (See the sidebar at the end of the article for more on itelligence’s support services.)

“If on the other end of the line, we have experts who are responsive, can understand SAP software, engage in ongoing communication, and exchange information through an online help desk support system, we proved that the remote model does work,” says Marino. “It could be anything from a one-hour call with them remotely to an investigative task to developing a new BI report that might be 40 hours worth of work. Most of that is all handled through the help desk support system, phone calls, and email exchange — and it does work.”

The key to such a successful outsourcing application support relationship, according to Marino, is that Cobra was able to contract to use those resources for ongoing application support on an as-needed basis. “Every year, we contract hours to utilize the resources as an extension of our IT department for support across all the application areas,” he says.

“If we only need to use 80 hours this month but we need 200 hours next month, the resources are there when we need them with a deep understanding of our environment,” he adds. “This way, we’re not investing in a full-time employee for sales and distribution support when we might not need any support in that area all month. We utilize their expertise when we need it, exactly where we need it.”

### **Hosting the New SAP Environment**

Once Cobra chose to host its SAP landscape — instead of investing in all of the servers, equipment, and people to maintain the infrastructure and all the technical aspects that go along with supporting an SAP environment — the next step was to find the right hosting provider.

The fact that Cobra already had a positive relationship with itelligence from an application support perspective made the firm a perfect candidate for the hosting provider as well.

The key components the business was looking for in a hosting provider, according to Marino, were:

- A good track record of providing the desired services
- A cost-effective and competitive solution in comparison to other companies
- The proper service-level agreements (SLAs)
- Excellent customer referrals
- A great working relationship with a talent pool of experts that can easily communicate with remote locations

## itelligence®'s SAP Skills Charmed Cobra Electronics

itelligence Managed Services help organizations strengthen their competitive position by reducing the cost of ownership of SAP software while improving business performance. The combined SAP expertise and efficient global delivery capabilities allow itelligence to provide companies improved business operations and ongoing productivity improvements.

itelligence Managed Services include:

- Application hosting
- Functional and technical support
- System administration and monitoring

Cobra Electronics needed to grow its SAP capabilities without growing its IT staff. With this in mind, itelligence emphasized responsiveness from day one, a key factor early in the relationship that continues to play a critical role in the companies' effective collaboration. "We pride ourselves on quickly flattening learning curves with our Managed Services team that has specialized industry knowledge and diverse support experience," says Brad Wolfe, Vice President of itelligence. "Because we demonstrated immediate operational excellence to Cobra, we quickly established the value of our dedicated Managed Services team and focused their efforts on meeting Cobra's business priorities."

itelligence Managed Services can be delivered globally with local language capabilities and local regulatory and reporting knowledge. The deeply skilled SAP experts at itelligence understand both SAP and business processes in order to deliver support on demand, on-site, or remotely. itelligence's dedicated, customer-focused teams effectively become extensions of clients' IT/business' internal teams to provide support that allows in-house resources to become more strategic.

Customers have cited a number of reasons for selecting itelligence Managed Services, including the fact that itelligence "simply got it early," impressed them as "good people we could easily work with," and provided "the same level of expertise and excellence throughout the entire length of the engagement."

For more information about itelligence's offerings, visit [itelligencegroup.com](http://itelligencegroup.com).

Initially, Cobra selected another partner to outsource hosting services for the SAP instance as well as the Basis technical support surrounding it, but according to Marino, that relationship did not end up being the true partnership the business was looking for. After the three-year commitment was up, when it was time to renew the contract, Cobra decided to look for an alternative hosting partner and selected itelligence, after evaluating the structure and price of its offerings, its infrastructure, and the hosting location and control center.

The SAP instance that itelligence hosts out of Cincinnati now supports Cobra Electronics operations in Chicago, as well as the Hong Kong and Dublin offices, which operate twelve and seven hours ahead of the Chicago location, respectively. "The key to any successful SAP implementation and ongoing running of an SAP environment requires a landscape that's up and running and available 100% of the time," says Marino. "We haven't run into any issues of downtime with our SAP systems. We've had great success with itelligence's top-notch technical support from an SLA perspective to provide ongoing Basis support and refresh our test environments, as well as from a monitoring and reactionary perspective."

### Benefits of an Outsourced IT Environment

As the Senior Director of IT, in addition to ensuring that the data center is secure and meets the highest standards for connectivity and availability, Marino's focus is to work with upper management at Cobra on key initiatives the IT department needs to launch to support the organization. "The key is providing solutions that meet expectations and then help move this company forward," he says. "I don't have to develop that talent internally because I can rely on outside technical resources that function as an extension to the IT department — professional experts who focus on providing that support and do it full-time."

The application support team can quickly define and solve problems, develop efficiency assessments, streamline business processes, and implement new functionality. And the hosting services provide emergency, on-call, 24x7 support, proactive monitoring, remote administration, and disaster recovery.

Without having to focus on all of these tasks, Marino's time is freed up because he's not overwhelmed with managing internal resources to support the SAP environment. "That provides peace of mind because I'm not paying for idle resources that I don't need," Marino says. "Instead, I can focus on bigger business issues and the strategic direction of the organization." ■