THOUGHT LEADERSHIP WHITE PAPER

The Top Ten Business Service Management Principles

How CIOs and IT Can Drive Business Value

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EXECUTIVE SUMMARY

CIOs face the same challenges that nearly every business leader encounters: They must enable their companies to work more efficiently and also drive revenue, even with flat or declining budgets. IT must deliver more business services — better and faster — while also reducing costs and risk. In addition, the IT organization must prioritize efforts by working on what's most important to the business.

Business Service Management (BSM) plays a critical role in helping CIOs and their teams to meet these objectives. BSM is a comprehensive approach and unified platform for running IT that takes a lifecycle approach to managing business services. With BSM, you can address IT management challenges by simplifying, standardizing, automating, and integrating IT processes and functions. This approach uses a common data model with a shared definition of IT services, assets, and IT configurations.

BSM isn't just about IT management software. It's also about the practices and culture you instill in the IT organization. Culture is based on principles that guide the thinking and actions of organizations. Principles are not projects or one-off activities. Rather, they describe the habits that IT organizations should practice week in and week out. *While many good IT organizations will practice these principles until they get them right, the best IT organizations will practice these principles until they never get them wrong.*

This paper describes ten proven principles for achieving the benefits of BSM and includes examples of how leading IT organizations have applied them. The paper will help you focus on how to standardize based on best-practice processes for the services you deliver, as well as how to automate and enforce those processes. A BSM approach also enables you to measure and improve the way you deliver services.

You don't need to follow all of the principles at once, and they do not have to be followed in the order listed. However, the more you can incorporate these principles into the way you run IT, the more likely you will be able to break down silos and advance in IT maturity. This paper will also provide information for conducting your own self-assessment to identify your level of success in achieving BSM.

INTRODUCTION

In IT, you will always face the challenge of managing IT costs and risks, while increasing business value and ensuring the quality of services you deliver. Manual and poorly documented processes and a lack of trusted information about IT assets, projects, and services create too much complexity and inhibit communication. Business Service Management (BSM) is a comprehensive approach and unified platform that enables you to tackle these challenges and achieve greater IT service management maturity.

BSM simplifies, standardizes, and automates IT processes so you can manage business services efficiently across their lifecycles, whether using your own infrastructure or leveraging the cloud. With BSM, your organization has the trusted information it needs, can prioritize work according to business-critical services, and can orchestrate workflows across your core IT management functions.

The following principles will help you successfully achieve your IT objectives and gain more IT maturity:

1. Understand what your organization needs from IT
2. Deploy a platform to manage IT and break down silos
3. Manage the entire service lifecycle
4. Build a process-oriented culture
5. Become a service advisor to the business
6. Make IT governance an outcome of culture and process
7. Use automation to improve control, agility, and efficiency of change
8. Integrate IT information to make data-driven decisions
9. Be transparent
10. Be proactive

By following these principles, you will manage IT services more effectively throughout their lifecycle. The IT service lifecycle begins with having a common definition of the service to be provided. Then you standardize polices and processes for that service. Next, you move to the adoption phase, which incorporates automation and compliance. From there, you perform enforcement, which incorporates best practices, regulations, and industry standards. The final step entails continuous improvement, where the service is measured and improved.

PRINCIPLE 1. UNDERSTAND WHAT YOUR ORGANIZATION NEEDS FROM I.T.

The most basic requirement for IT is to know what the organization expects IT to deliver. This includes knowing the following:

» What IT services the lines of business need so they can deliver against their enterprise charters
» How to deliver those services
» What IT services are less necessary and, therefore, represent expenses — energy and money that you can redirect to the services that the organization requires the most

Once you have that understanding, make sure that IT is investing in the most critical IT services. On the project level, this includes the following:

» Practicing good project and portfolio management
» Establishing service level agreements (SLAs) that capture the business' and IT's shared expectations of service

Once you get past the project level and start thinking about everyday IT services for the enterprise, you can begin building an effective service catalog. This catalog connects users to the IT services they need to do their jobs. A *good* service catalog, complete with SLAs, will create the bidirectional expectation of what services IT will deliver and what they will cost. A *great* service catalog enables entitled users to directly request IT services online. The *ideal* catalog will keep track of IT services in production and ensure that IT understands the relationship between the IT infrastructure and the services. Establishing the ideal catalog helps IT move from being just a provider of services to a being a full-fledged service provider.

The next step is to learn to "keep the lights on" from a more business-centric point of view. When multiple events require immediate attention, you need to determine which problem must be fixed quickly to help the overall business recover faster. You must understand the relationship between IT and the business services you're supporting to make those kinds of good decisions rapidly.

To be successful with your service catalog, take a lesson from manufacturing firms. Develop comprehensive and accurate documentation of your services, and include planned and existing IT services. The service catalog should include all relevant details about each service, such as the following:

» Which SLAs are associated with the service
» Who is able to request the service
» How much the service costs
» How to fulfill the request

METRICS FOR ACHIEVING RESULTS WITH THIS PRINCIPLE

» SLAs in place
» Net Present Value (NPV) on projects
» Time to deploy new IT services

PRINCIPLE IN PRACTICE

Company: Major retailer
Problem: The company needed to automate service fulfillment to keep up with caseload.

SOLUTION/METRICS

» Now defines both IT and non-IT services in a service catalog
» Automates service fulfillment
» Enables store associates to respond to customers faster and more effectively
» Has freed agents from mundane manual processes to focus on IT-related incidents through the automatic submission and escalation of 1,400 cases per month

PRINCIPLE 2. DEPLOY A PLATFORM TO MANAGE I.T. AND BREAK DOWN SILOS

Over the years, many IT organizations have cobbled together different management tools for running IT. However, if you don't have effective processes in place, then you don't have the context to make the best decisions. For example, the people responsible for rolling out changes may not know the project priority of the work, what the service catalog should include, or what their SLAs should be for making a service available or correcting a problem. A more integrated approach is needed for managing IT.

For many years, enterprises used point applications to manage IT. However, the applications were disjointed, and people did not get the information they needed. For example, when users called a help desk because of a problem with their laptop, IT didn't have enough information about the device, such as the purchase date and the software versions it was running. As a result, IT did not have the data to decide whether to replace an old laptop or provide a newer one. And if the laptop should be fixed, IT would not know what changes should be made. So enterprises looked at an alternative: an enterprise resource planning (ERP) platform for centralizing information and workflow so that organizations could collaborate more effectively. Enterprises greatly increased their efficiency and were able to achieve results they were unable to achieve before.

The BSM platform provides a high level of collaboration, efficiency, and expected results. This enables IT to standardize and automate IT processes through out-of-the-box best-practice templates and integrated workflow. The BSM platform can break down silos and improve the effectiveness of IT planning and operations by offering a common and consistent way for information to be shared across IT functions and departments. You get a total view of each service you deliver, how it affects the business, and how to roll it out. The platform also provides other valuable information, allowing network administrators, system administrators, applications administrators, and service desk personnel, for example, to all have a shared understanding of where key applications and infrastructure reside.

It's important to have a reference architecture that reflects an IT management platform. The reference shows the desired state and makes it easier to line up focused IT management deployments in a stepwise fashion so you can get value at each step along the way. Selecting projects that satisfy immediate requirements is necessary, but think about incorporating core integration technologies — such as discovery, configuration management, and service level management — early on.

A federated configuration management system (CMS) should be the foundation of your IT management platform. It is a hub for the information that IT personnel need to do their jobs — in your program office, release office, data center, service desk, and development office. The CMS is also valuable for orchestrating your processes so that they can span multiple IT departments and enable you to successfully manage the entire service lifecycle and track assets.

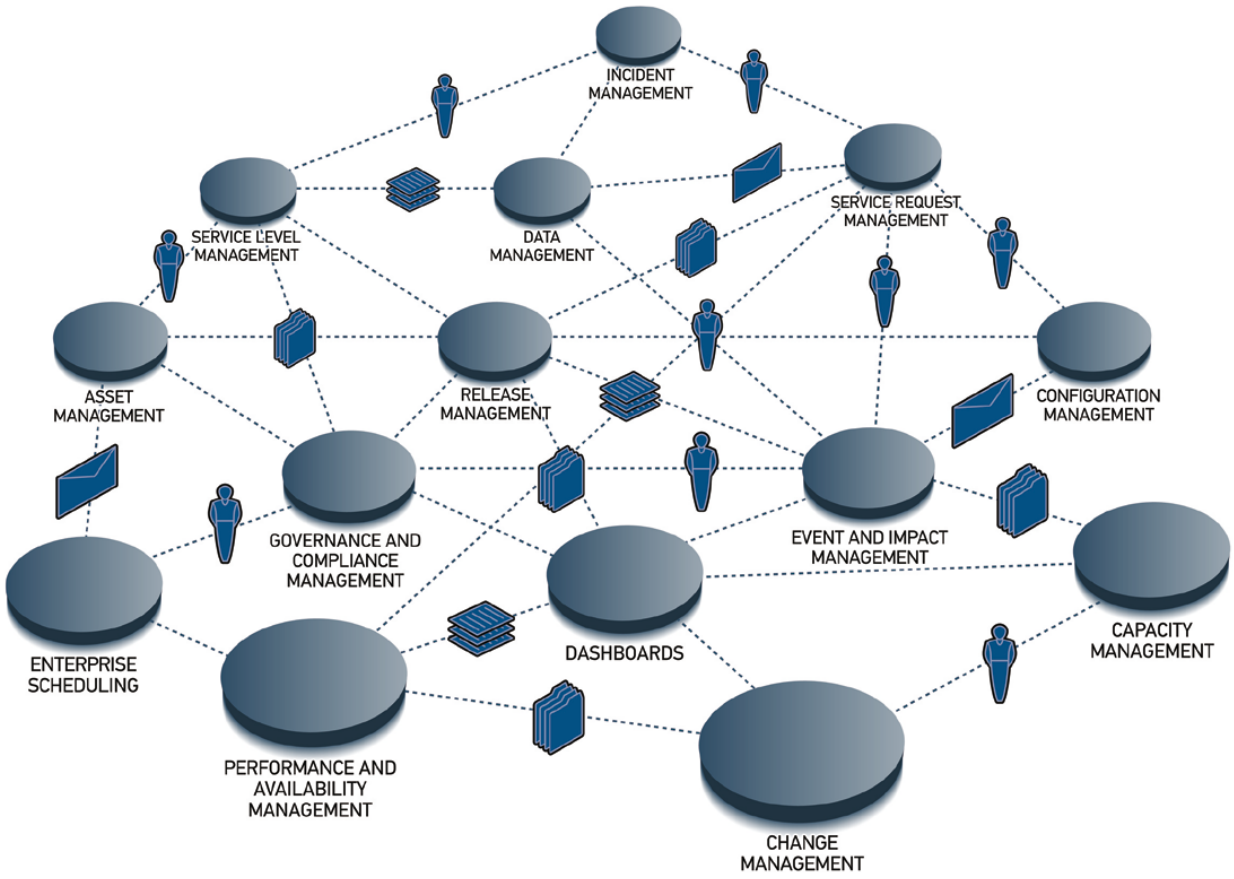

Figure 1. Before BSM — organizations work in silos

As Figure 1 illustrates, when organizations work in IT silos, the processes and information are fragmented. The right people often don't have the information necessary to do their jobs, or they must perform their work in too many manual steps.

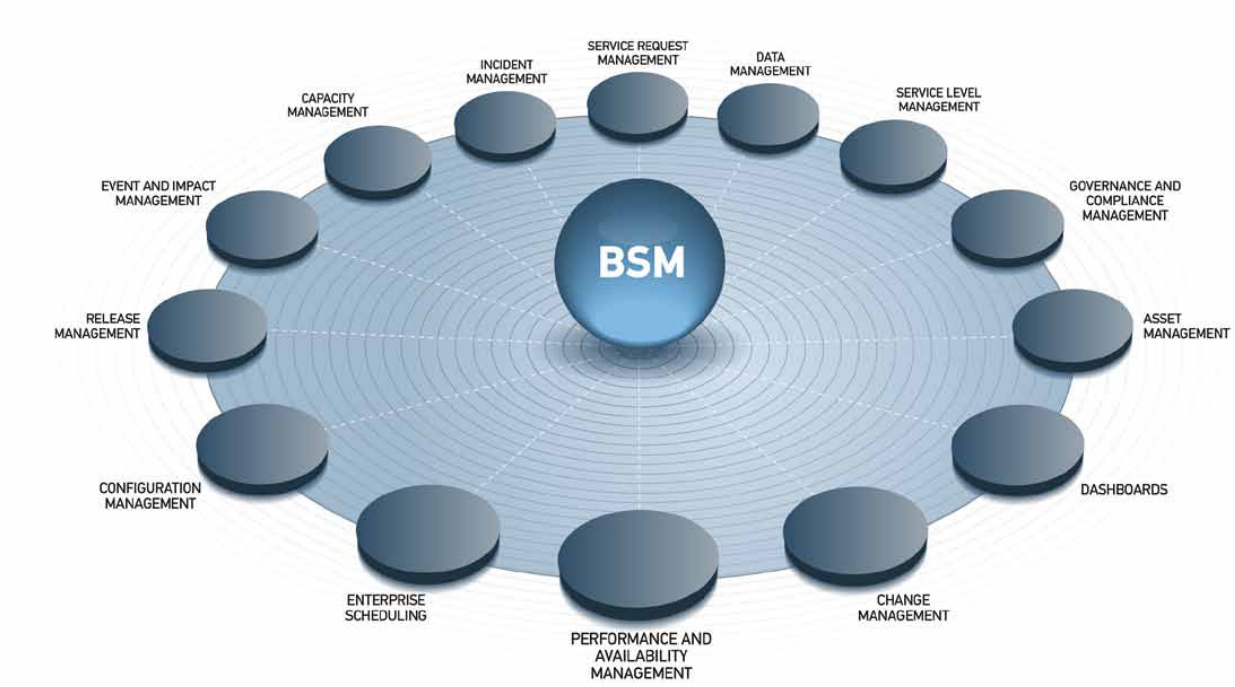

Figure 2. Conceptual view of how a BSM platform unifies various IT functions and processes

With a BSM platform, as shown in Figure 2, the processes and information are shared. Sharing IT services creates efficiencies and ensures that people can perform their jobs correctly. The CMS plays an important role in information-sharing because it contains details about your IT staff, assets, status, and so on. The CMS also maps out relationships among those elements. For example, the CMS contains the information available to let you know what physical hardware servers are running Microsoft Exchange. So, if a network card fails on a server, the CMS can indicate whether the problem is on an Exchange server, which would keep people from getting e-mail. If that's the case, you'd want to fix that problem right away.

METRICS FOR ACHIEVING RESULTS WITH THIS PRINCIPLE

» Cost (operations, projects, downtime)
» Service quality
» Time to deliver new IT services

PRINCIPLE IN PRACTICE

Company: Large government agency
Problem: The agency had 30 Tier-1 help desks, and customers did not know which help desk to contact. The agency needed visibility into the configuration items within the infrastructure and wanted one enterprise service desk for nine functional areas.

SOLUTION/METRICS

» Maps and populates a CMS with integration into the CMDB
» Has a better understanding of IT services and business service relationships through discovery and dependency mapping of configuration items
» Reduced mean time to repair (MTTR) by 30 percent through configuration item (CI) mapping
» Reduced contractor costs by 20 percent due to more efficient call resolution
» Expects to reduce outages due to unplanned changes by 50 percent
» Improved customer satisfaction

PRINCIPLE 3. MANAGE THE ENTIRE SERVICE LIFECYCLE

In our daily lives, we often think of a lifecycle as the length of time from the moment something is born to the moment it dies. In IT, the lifecycle of a service encompasses an even wider span — from the time there is a reason to create it, through creation, deployment, changes over its active life, and retirement. Handling each phase of an IT service's lifecycle requires new ways of thinking.

Here's how the process works. IT reacts to an end user's request and determines whether the request is an investment priority. Assuming the service is above the "cutline," IT works with the development organization to get the service ready for production. Then IT must make sure it can get the service into a service catalog and roll it into production flawlessly. The word *flawlessly* is critically important; about 80 percent of IT failures are the result of flawed changes.

Once the service is released into production, IT scales it up or down as needed and manages availability and performance time. Next, IT updates the service to meet the new requirements. Eventually, IT takes the service out of production when the need for it no longer exists.

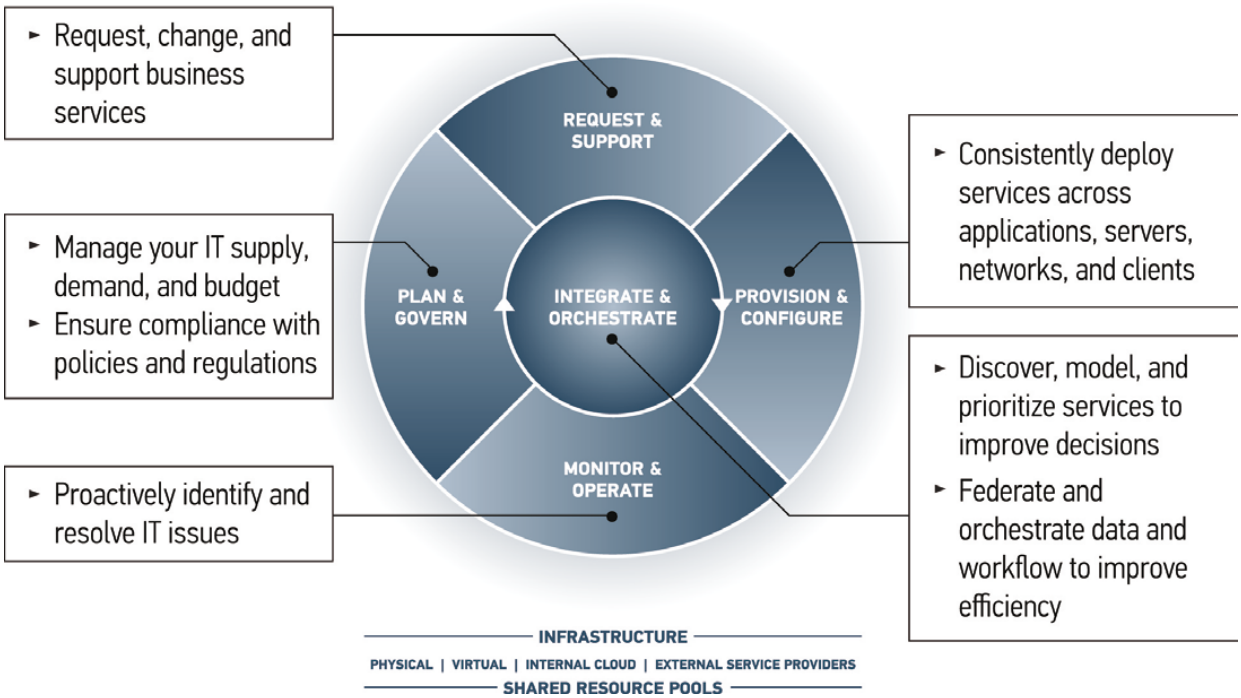

Figure 3. Major phases of an IT service lifecycle

The important characteristic of the IT service lifecycle is that the *output* of each phase becomes the *input* for the next phase, as Figure 3 shows. For example, when you create a portfolio plan and identify the project team, the plan becomes the input for how you will release the applications into production. And, in turn, how you release the applications into production (e.g., to what systems you deploy them) becomes the basis for how you manage the applications daily. All of the related information needs to be moved through the phases of the lifecycle.

METRICS FOR ACHIEVING RESULTS WITH THIS PRINCIPLE

» Cost (operations, projects, downtime)
» Service quality
» Time to deliver new IT services

PRINCIPLE IN PRACTICE

Company: Worldwide leader in financial services

Problem: Point products for service management provided only a limited view into IT and negatively impacted growth. The company needed to consolidate vendors for more effective management across the service lifecycle.

SOLUTION/METRICS

» Implemented BSM solutions across the service lifecycle, such as deploying a CMDB, event and impact management, and service request management (SRM)
» Improved the time to deploy new IT services by more than 50 percent
» Reduced the rate of incidents resulting from changes by 20 percent
» Drove down third-party maintenance costs
» Reduced the number of vendors

Company: Leading computer company

Problem: The company needed to improve the speed and efficiency of solving help desk issues and to integrate and automate a wide range of IT processes. The IT organization needed to automate manual IT processes for batch scheduling and change management, and it had to streamline IT operations by improving capacity planning for virtualized environments.

SOLUTION/METRICS

» Automated a wide cross-section of its service lifecycle
» Now supports 90,000 users worldwide with only 50 service desk technicians
» Consolidated 40 individual service support applications and seven trouble ticket applications
» Reduced the number of IT administrators needed for patch management by 75 percent
» Dramatically reduced the number of trouble tickets
» Identified the best server candidates for virtualization
» Consolidated job scheduling and monitoring within a single dashboard

PRINCIPLE 4. BUILD A PROCESS-ORIENTED CULTURE

Following effective processes, such as those based on the IT Infrastructure Library® (ITIL®), will help ensure that you're delivering services in a way that lowers risk and demonstrates that you're acting correctly. You must have *defined* processes in place that you can prove are being followed.

Defined processes are a major strength of the BSM platform. BSM supports a rigorous process that creates a win-win-win among IT leaders, employees, and end users. IT leaders gain more ability to lower risks and costs. IT employees win because BSM clarifies the expectations of the end users by automating best-practice processes. End users get a consistent, positive experience working with the IT organization.

There's really only one alternative to following a formalized process: a string of heroic acts. Of course, every organization *occasionally* needs an act of heroism. But it's not a sustainable way to run an organization. And keep in mind the high turnover in IT. Knowledge should be captured in process descriptions, not just in the minds of people who may resign or retire.

The right processes help ensure that you think through the same procedures every single time, and you can use technology to automate some of the more mundane processes. Years ago, it would take a system administrator several hours just to get one new employee's laptop ready to use. Now many routine tasks are being completed automatically, in the right way, and with an audit trail.

METRICS FOR ACHIEVING RESULTS WITH THIS PRINCIPLE

» Reduced incidents, errors, and exceptions
» Adopted processes
» Created and consistently attained SLAs

PRINCIPLE IN PRACTICE

Company: Large European energy provider

Problem: The organization needed to improve service quality and adopt ITIL processes to become more proactive in reducing IT incidents. The organization also needed a central environment to manage the provisioning of IT services and to provide continuous service improvement.

SOLUTION/METRICS

» Monitors service on 800 servers for 20 branches of the company
» Achieves other benefits based on ITIL processes, such as becoming more proactive in reducing incidents and improving service quality
» Decreased fault events on servers that impact users by 35 percent
» Decreased fault events on monitored business servers by 40 percent
» Increased its proactive service score for customer satisfaction by 28 percent

PRINCIPLE 5. BECOME A SERVICE ADVISOR TO THE BUSINESS

Historically, IT has been under-loved. The lines of business have not always seen IT as relevant to the execution of their strategy. When they write checks for allocated IT charges, they may sometimes think of those charges as being like taxes — not something they *want* to pay, but something they *have* to pay.

Industry analysts also spotted this trend. As the excerpt from a Gartner webinar presentation shown in Table 1 suggests, IT is playing a much more strategic role within the enterprise and will be the necessary component to help enterprises shift from a focus on efficiency to a focus on productivity.

Transition Aspect	Transitioning From	Transitioning Toward	Impact of Enterprise and IT
Economic Conditions	Economic contraction and recession where future prospects call for lower levels of growth and resources	Economic stabilization, recovery, and growth, as conditions improve in terms of revenue and investment	Economic transition will change the enterprise's strategic outlook, presenting tough decisions and new opportunities
Enterprise Strategies	Cost-cutting efficiency as the enterprise matches its resources to declining revenue	Productivity, as the enterprise shifts to attracting and serving customers	Enterprises need to move toward profitable growth and innovation, requiring them to do more than just support current operation on a lower cost base
Enterprise Technologies	Heavy, owned solutions requiring IT to operate or outsource technology at a fixed cost	Lighter-weight, scalable services with limited up-front cash and variable cost structures	Accelerated IT provisioning cycles for new and existing technology; reduced IT capital budgets; and reshaping the IT organization
IT's Role in the Enterprise	Managing resources to create enabling technologies that demonstrate IT is not wasting money	Managing results by solving business issues in priority schedule; measuring performance in terms of business performance	Enterprises have greater choice in provisioning their technology (services, cloud or IT); they value IT when it creates results through its unique combination of business context, information and technology

Table 1. From "The Mind of the CIO in 2010" by Mark P. McDonald, Gartner Inc., as delivered by Webinar, April 2010

IT needs to better understand how to communicate what's most important to users. Most users don't care about whether a server went down or whether a server needs to be upgraded. They just care that their IT services work in the right way. They simply don't see things the way IT sees them. So IT staff must elevate their conversations with users. Rather than talk about servers, networks, systems, storage, and applications, talk about IT services and business outcomes. Create a service catalog, and define the agreements and expectations.

Best-practice IT organizations communicate with their business customers in a way that encourages them to seek advice and help from IT. For example, if the sales organization wants a better way for its salespeople to remotely demonstrate products, then IT helps internally or connects them to a provider that can provide assistance. If another part of the organization is already using WebEx, the company may be able to negotiate a better deal based on guidance from IT. As Table 2 suggests, industry analysts, such as Gartner, are noting the rapidly shifting role of how IT will contribute during the coming decade.

Ranking	2010	Ranking	2013
Improving business processes	1	Creating new products or services (innovation)	1
Reducing enterprise costs	2	Improving business processes	2
Increasing the use of information/analytics	3	Attracting and retaining new customers	3
Improving enterprise workforce effectiveness	4	Creating new sources of competitive advantage	4
Attracting and retaining new customers	5	Increasing the use of information/analytics	5
Creating new products or services (innovation)	6	Expanding into new markets and geographies	6
Managing change initiatives	7	Improving enterprise workforce effectiveness	7
Targeting customers and markets more effectively	8	Reducing enterprise costs	8
Consolidating business operations	9	Targeting customers and markets more effectively	9
Expanding current customer relationships	10	Expanding current customer relationships	10

Table 2. From "The Mind of the CIO in 2010" by Mark P. McDonald, Gartner Inc., as delivered by Webinar, April 2010

Right now, IT organizations are discovering how to take advantage of new resources and delivery models, such as software as a service (SaaS) and cloud computing, and how to combine them with what they provide within their organization's four walls. IT can take the lead in determining the following: What are we going to do internally? What are we going to outsource? And what are we *not* going to do?

Portfolio management is extremely valuable here. It involves capturing the demands from the lines of business and then planning how IT will meet those demands. Effective portfolio management allows you to identify the scope and resource trade-offs — to determine what to invest in, how much to put into it, and what time frames to impose on it.

METRICS FOR ACHIEVING RESULTS WITH THIS PRINCIPLE

» SLAs
» Projects requested/funded/run
» NPV of projects

PRINCIPLE IN PRACTICE

Company: Large European investment bank

Problem: The organization needed to drive more IT efficiency while ensuring that IT investments were best aligned to the most profitable areas of the business.

SOLUTION/METRICS

» Increased visibility into IT services
» More effectively communicates IT priorities, accomplishments, and challenges to stakeholders, improving IT's credibility as a business partner
» Saved 20 full-time equivalents, in labor efforts alone, who can now be directed to higher-value activities
» Eliminated redundant vendor contracts
» Reduced compliance costs through workflow automation and a more efficient overview of regulatory compliance
» Improved its management of the project portfolio
» Improved its financial management system
» More effectively aligns project selection and resource allocation with the bank's business objectives

PRINCIPLE 6. MAKE I.T. GOVERNANCE AN OUTCOME OF CULTURE AND PROCESS

Sustainable compliance is not only a matter of tools or technology. IT also needs to undergo a *cultural* change. To do things the right way every single time is not an action; it is part of a culture and becomes a habit. Sustainable compliance is ingrained in the organization as rewarded behavior. Yes, robust software is available that can assist governance, but IT leaders also need to take the lead on governance.

IT audits have become very intense. Usually, the two-week period before an audit is a nonstop preparation drill. You can generally survive the audit, but the process can be painful. That's why it's important to focus on *sustainable* compliance. Focus on building compliance into the culture, processes, and routines of the organization. Performing functions correctly; being able to capture what's been done, where, and by whom; and being able to prove it all must become almost automatic. It's *good* to devote time to that every week. It's even *better* to have processes that define how you will approach sustainable compliance. And it's *best* to have solutions that can automate compliance wherever possible.

Powerful solutions are available to augment your cultural and process efforts and to improve governance. For example, the solutions can provide advanced discovery and dependency mapping, which tell you exactly what you have in your infrastructure and how it's all related.

METRICS FOR ACHIEVING RESULTS WITH THIS PRINCIPLE

» Audit comments
» Documented process coverage

PRINCIPLE IN PRACTICE

Company: Professional services company

Problem: The company needed to achieve Payment Card Industry (PCI) compliance. The company had custom built nearly every application, and an auditor said that IT would need to write about 250 applications from scratch or find a way to restrict access. The company also needed to reduce labor costs for incident and event management.

SOLUTION/METRICS

» Reduced labor costs related to incident management by 50 percent
» Enforced compliance on all regulated servers
» Passed an audit, thus avoiding fines of $1.2 million
» Automated security, compliance provisioning, patching, ongoing configuration management, and application deployment in one solution

PRINCIPLE 7. USE AUTOMATION TO IMPROVE CONTROL, AGILITY, AND EFFICIENCY OF CHANGE

Your end users don't just kick a plug out of a server at night and suddenly find they don't have e-mail. As mentioned earlier in this paper, most service failures are caused by flawed changes. The most effective way to improve the uptime of critical business services is to plan and execute changes in a more rigorous way.

The biggest move you can make in that direction is to improve your processes. Be able to describe what a good change should look like in your organization. That insight gives you a strong basis for deploying tools that can automate more of the monotonous and repetitive tasks that accompany a change. The solutions you use should be based on ITIL best practices for change management.

Generally speaking, controlling change really means four things:

» Defining and executing your processes
» Using technology to automate changes where possible
» Creating a culture based on the premise that IT staff should make a change only after rigorously thinking about the change process
» Planning how to back out if the change doesn't work as intended

METRICS FOR ACHIEVING RESULTS WITH THIS PRINCIPLE

» Time to deliver new IT services
» Incidents and problems introduced during a change

PRINCIPLE IN PRACTICE

Company: Large services provider
Problem: The company handles millions of page views and tens of thousands of customers daily. It needed to reduce the time and increase the accuracy for provisioning and updating. It also needed to improve change management.

SOLUTION/METRICS

» Reduced the average cost per managed device, even though the managed environment increased from 600 servers to 1,500 servers
» Decreased the risk of change
» Cut mean time to deploy from 45 minutes to 2 minutes
» Decreased the administrative work related to configurations by 60 percent

Automation gives you the ability to perform IT actions faster, better control those actions, and deliver them with lower risk. You can measure the risk because you know exactly *where* you've automated. You can also follow up at any time to make sure that the configuration that you think is deployed is the configuration that actually has been deployed or should be deployed.

This level of control is a part of BSM. For example, it's important to be able to release new applications into production (moving from Exchange 2003 to Exchange 2007 servers, for example) and know that you're deploying applications consistently — the right way — across the distributed infrastructure. Think about automation from a process perspective. The platform helps you to understand how you have combined all the parts architecturally.

PRINCIPLE IN PRACTICE

Company: Large provider of on-demand spending management services
Problem: The IT organization needed to implement a server automation solution that manages, controls, and enforces configuration changes in the data center to ensure high uptime for business-critical IT services.

SOLUTION/METRICS

» Uses the BSM platform to power its data center, enabling the company to move forward rapidly in its virtualization and cloud computing efforts
» Automates the release of new code and patches to thousands of servers supporting the company's product
» Audits the environment to ensure it remains compliant
» Decreased the time spent researching errors by 40 percent
» Increased server deployments by nearly 30 percent
» Guarantees success with each deployment, and then audits and double-checks the audit to ensure they are meeting service goals
» Made performing a full audit on each server as simple as pushing a button
» Consistently manages and deploys applications on a combination of physical and virtual machines, and plans to host 80 percent of its IT resources on a virtualized private cloud environment

PRINCIPLE 8. INTEGRATE I.T. INFORMATION TO MAKE DATA-DRIVEN DECISIONS

Make sure that people have sufficient information — and the context of that information — to make good decisions. Consider the people who support the service desk. In most enterprises, they typically do not always get everything they need to help a customer. All they get is a trouble ticket.

Meanwhile, the staff members who support asset management have information about when and for whom each IT asset was built. Wouldn't it be nice if, when a user called the IT organization about a broken laptop, IT immediately determined whether the problem was hardware related and, if so, had the information readily available to decide whether to fix or replace the laptop?

If the information for the service desk were integrated with the information available to those who support asset management, the service desk representative could tell the user over the phone, "We're sorry about your laptop. It's more than three years and three months old and is out of warranty. Our policy is to simply replace your laptop." Or the representative might say, "Your laptop is only a year old. It's within warranty, so we're going to ship you a loaner while we get yours fixed."

BSM makes this kind of contextualized information possible. BSM information is often integrated through the CMS. The CMS is the foundation that supports a complete service lifecycle across IT. A CMS may include various IT management tools and databases, such as an asset database, a change management system, or a CMDB. It's up to you to decide what type of configuration you want for your CMS. The CMS maps out relationships and infuses business relevance into IT data through a single source of reference. For example, if you know what physical hardware servers are running your Exchange array of servers and if a network card fails, you will know immediately whether that failure refers to the specific box that allows your executives to receive their e-mail. Because management information often resides in different physical locations, part of the value of the CMS is to bring together information from multiple data sources into a single, cohesive management model. The CMDB is part of the CMS.

METRICS FOR ACHIEVING RESULTS WITH THIS PRINCIPLE

» SLAs
» Visibility versus total spend

PRINCIPLE IN PRACTICE

Company: Leading provider of vehicle history reports
Problem: The IT organization needed a central repository for comprehensive information about the company's technology assets, IT processes, and people. Millions of customers each month use the company's database.

SOLUTION/METRICS

» Maps the physical and logical relationships of applications, application servers, database servers, and networking components, moving the company close to its goal of 100 percent automation
» Uses CMDB information to model the environment and illustrate the business impact of events, which enables the staff to quickly identify which events threaten to disrupt services

» Prioritizes IT actions to address the most critical issues first to ensure that the company can deliver its product to consumers and business partners
» Leverages comprehensive historical information to bolster its business continuity strategy, and recovers quickly should a disaster occur

PRINCIPLE 9. BE TRANSPARENT

One of the biggest challenges for IT is communicating with the lines of business, especially when the communication involves money. For example, one line-of-business manager might say, "I see huge allocations in my business unit for IT. What am I getting for that money?" Another might say, "I'd like to do something else with that budget." IT may have difficulty determining how much an existing service costs, or how much a new service *will* cost, and communicating that information to a line-of-business manager.

A main reason for the difficulty is the way that accounting works. An accounting system may have excellent capabilities for tagging costs to the developers, the data center, the various budgets, a program management office, overhead, and so on. But that same accounting system may not be able to determine the cost of delivering Exchange-based e-mail to IT's user base of 7,000 employees, or the total cost of running SAP last year. So, IT has needed to do its own work to get the answers. This information can be effectively managed using an IT business management solution that provides visibility into IT spending across the enterprise.

Three key areas present significant opportunities for IT to become more transparent, enabling you to identify the following:

» **Services** — What IT services are you providing, and what is the cost and value of each?
» **Projects** — What projects are you going to work on, and what projects are you *not* going to work on? (Note: This is where good portfolio management comes in.)
» **SLAs** — What are the details of service level agreements? SLAs are a great way for IT organizations to provide transparency to, and gain more respect from, the lines of business.

Besides those three opportunities for transparency, there are others. For example, with supplier management you can make sure that you know what vendors you are using and what you're paying them, and you can look for opportunities to consolidate vendors and get lower per-unit prices.

METRICS FOR ACHIEVING RESULTS WITH THIS PRINCIPLE

» Percentage of visibility versus total spend
» SLA attainment

PRINCIPLE IN PRACTICE

Company: European IT services vendor
Problem: The CIO did not have visibility into total resource requirements for the IT staff, wanted metrics on staff performance, and needed to demonstrate valid metrics based on demand and resources.

SOLUTION/METRICS

» Addressed its challenges in managing IT demand with available resources.
» Justified and completed 40 projects in a fiscal year (compared to a much lower number in previous years)
» Provided business customers visibility and control that was not available before the implementation

PRINCIPLE 10. BE PROACTIVE

It's very important to identify problems before they affect the business and to automatically remediate them. This is particularly critical as data centers increase their reliance on virtualized and cloud technologies. If you do not manage these areas proactively, you are likely to spend more time reacting to more frequent outages instead of avoiding them.

BSM provides a robust way to identify probable cause before IT issues become critical. By using behavioral analysis techniques, BSM solutions can detect when abnormal behavior is occurring (such as an unexpected spike in CPU or I/O utilization) or if a performance issue may occur (such as forecasting when a database or server will run out of capacity). This information is then correlated with other performance, inventory, and availability information to determine whether the issue should be escalated to create an "intelligent ticket" that includes the necessary technical information to identify the source of the issue so it can be fixed. Then a change management workflow can be initiated to remediate the problem. For example, a server configuration may need to be rebuilt to resolve an issue.

All IT functions and processes must have a shared view of the systems and configurations involved, and this view is available in the CMS. By implementing proactive processes with BSM, IT organizations have seen a significant reduction of events and in the time to rebuild a server when necessary.

METRICS FOR ACHIEVING RESULTS WITH THIS PRINCIPLE

» Total problems versus problems reported by end users
» Length of service disruptions
» Projects requested, projects funded, projects cancelled

PRINCIPLE IN PRACTICE

Company: Large insurance provider
Problem: The company had a high volume of errors and incidents with limited correlation and understanding of interdependencies. The company was reactive and slow to determine probable cause. The server utilization rate also was low.

SOLUTION/METRICS

» Improved availability and quality of service through proactive notification, probable cause analysis, and event correlation
» Shortened MTTR and the time spent managing thresholds by reducing the manual efforts to manage thresholds and correlate incidents
» Reduced server costs and better managed availability, saving an estimated $6.4 million a year, by shifting server utilization

A REMARKABLE OPPORTUNITY FOR CIOS

These principles really *are* principles. They are not acts. They are not projects. They are standards your organization follows, day in and day out. You do them because they are embedded in your culture, and because you are leading from the front. You're showing people the value of running IT in an integrated way, using an integrated platform. You're *creating* a culture in your organization based on BSM principles. BSM replaces acts of heroism with a rigorous process that creates a win-win-win-win for IT leadership, IT employees, business users, and your customers.

For more information about BMC solutions, visit www.bmc.com.

Business Runs on IT. IT Runs on BMC Software.

Business thrives when IT runs smarter, faster, and stronger. That's why the most demanding IT organizations in the world rely on BMC Software across distributed, mainframe, virtual, and cloud environments. Recognized as the leader in Business Service Management, BMC offers a comprehensive approach and unified platform that helps IT organizations cut cost, reduce risk, and drive business profit. For the four fiscal quarters ended September 30, 2010, BMC revenue was approximately $1.96 billion.

About the Author

Bill Emmett, senior manager in the Strategic Marketing organization at BMC Software, has been a practitioner, innovator, and marketing leader in the IT management software industry for nearly 15 years. He has been a part of BMC since 2008 and leads the Thought Leadership team. Additionally, he is responsible for developing and articulating BMC's overall message, Business Service Management, to the market. Before joining BMC, Emmett held research and development, strategy, and marketing leadership positions at HP Software. He holds a master's degree in business administration and a bachelor's degree in accounting and computing information systems, both from Colorado State University.

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