

Optimizing IT to Drive Business Value

Presenter

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BMC Software

INTEROP[®]

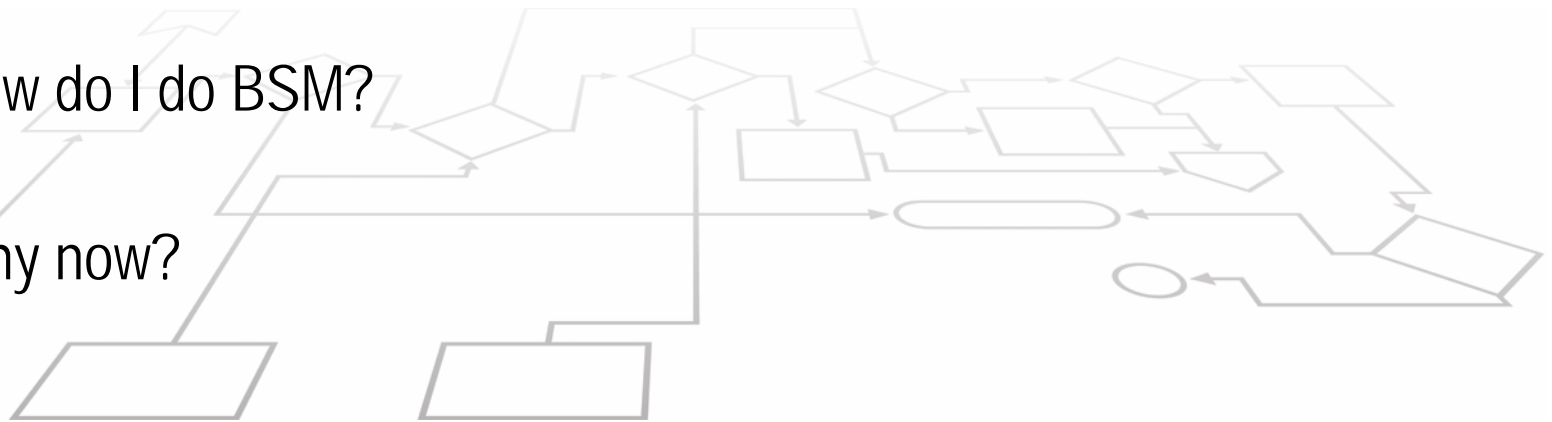
BUSINESS. TECHNOLOGY.
ONE WEEK. ONE PLACE.

Agenda

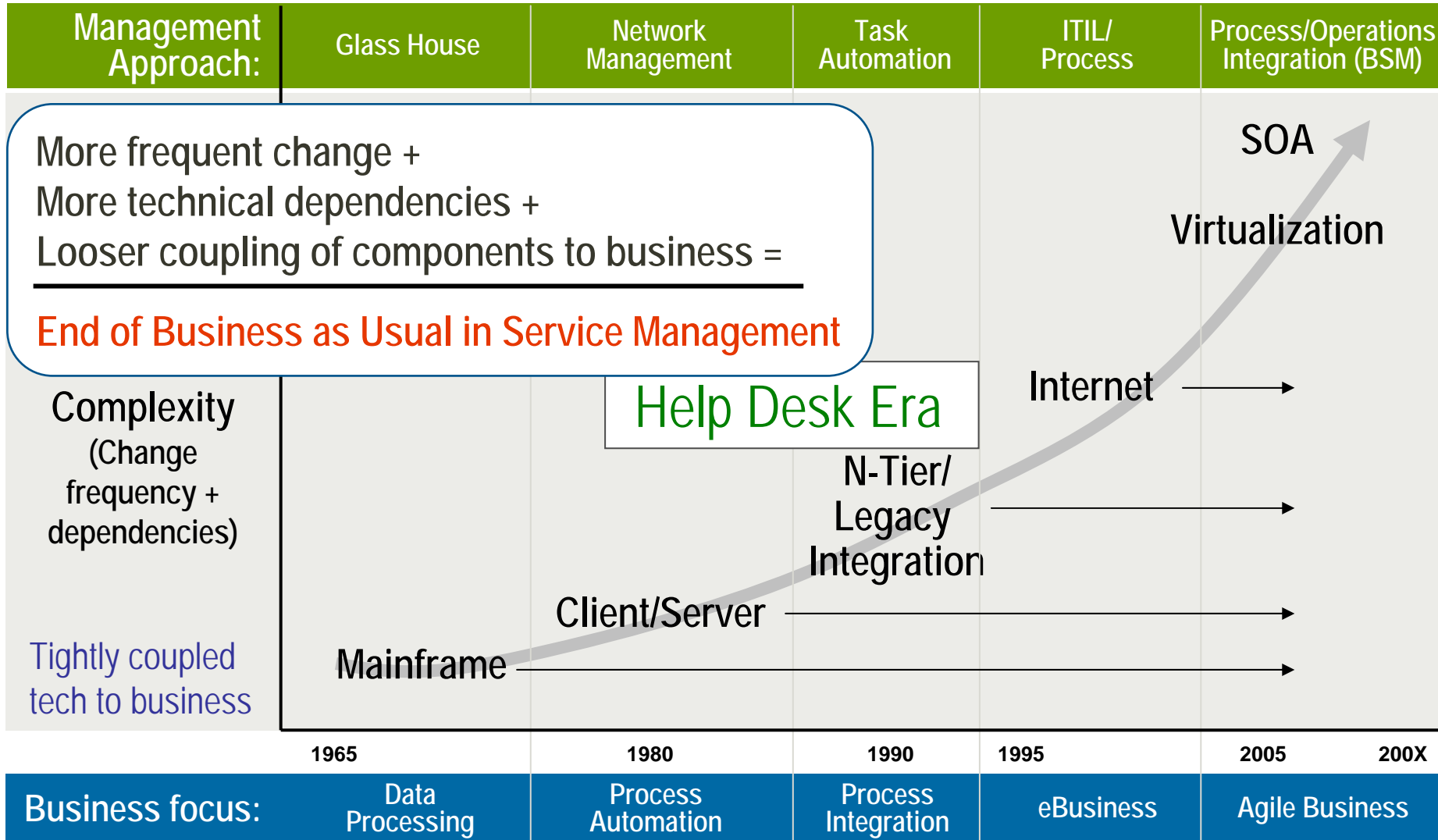
- Why do something different to deliver value to the business?
- What is Business Service Management (BSM)?
- Why use BSM to optimize IT processes, infrastructure, and compliance controls, and make better decisions to satisfy business requirements?

- How do I do BSM?

- Why now?



Growing Complexity Defies "Business as Usual"



Challenge: Technical Activities In Silos

Business



Large companies lose 2%–16% of annual revenue to downtime

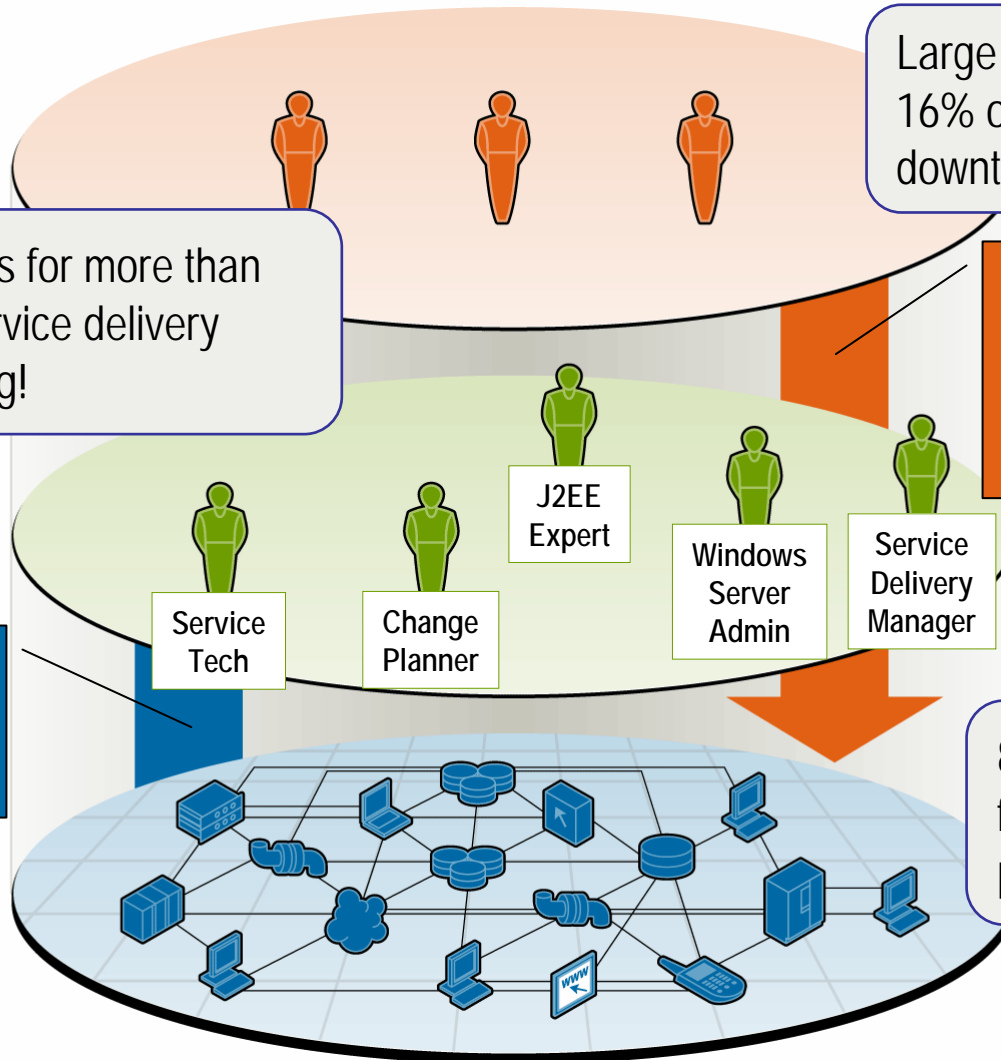
Human labor accounts for more than 40% of the overall service delivery cost... and it's growing!

- Enable new services
- Support growth
- Lower risk
- Reduce cost

\$ → **IT Staff**

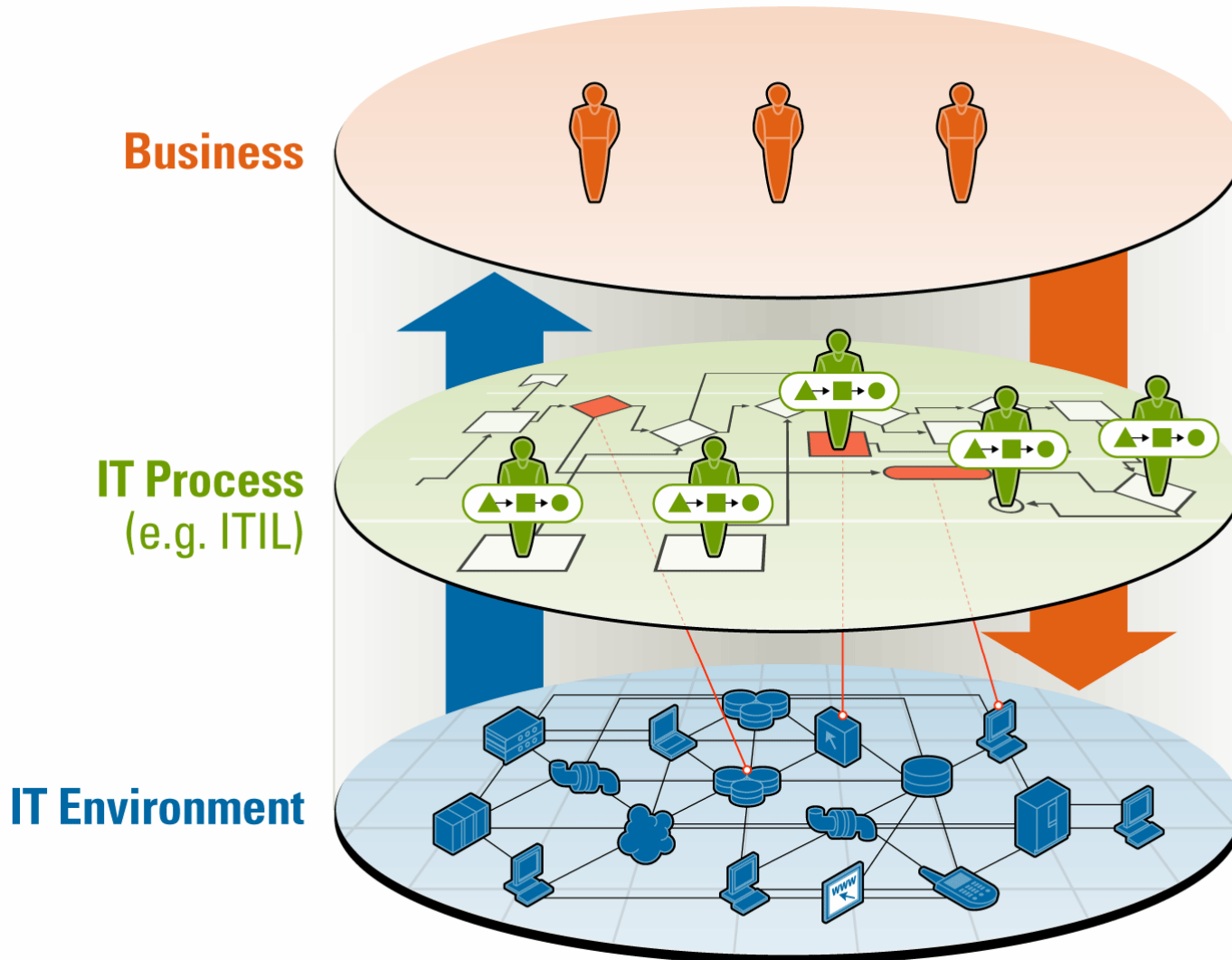
- Cost
- Availability
- Performance

IT Environment

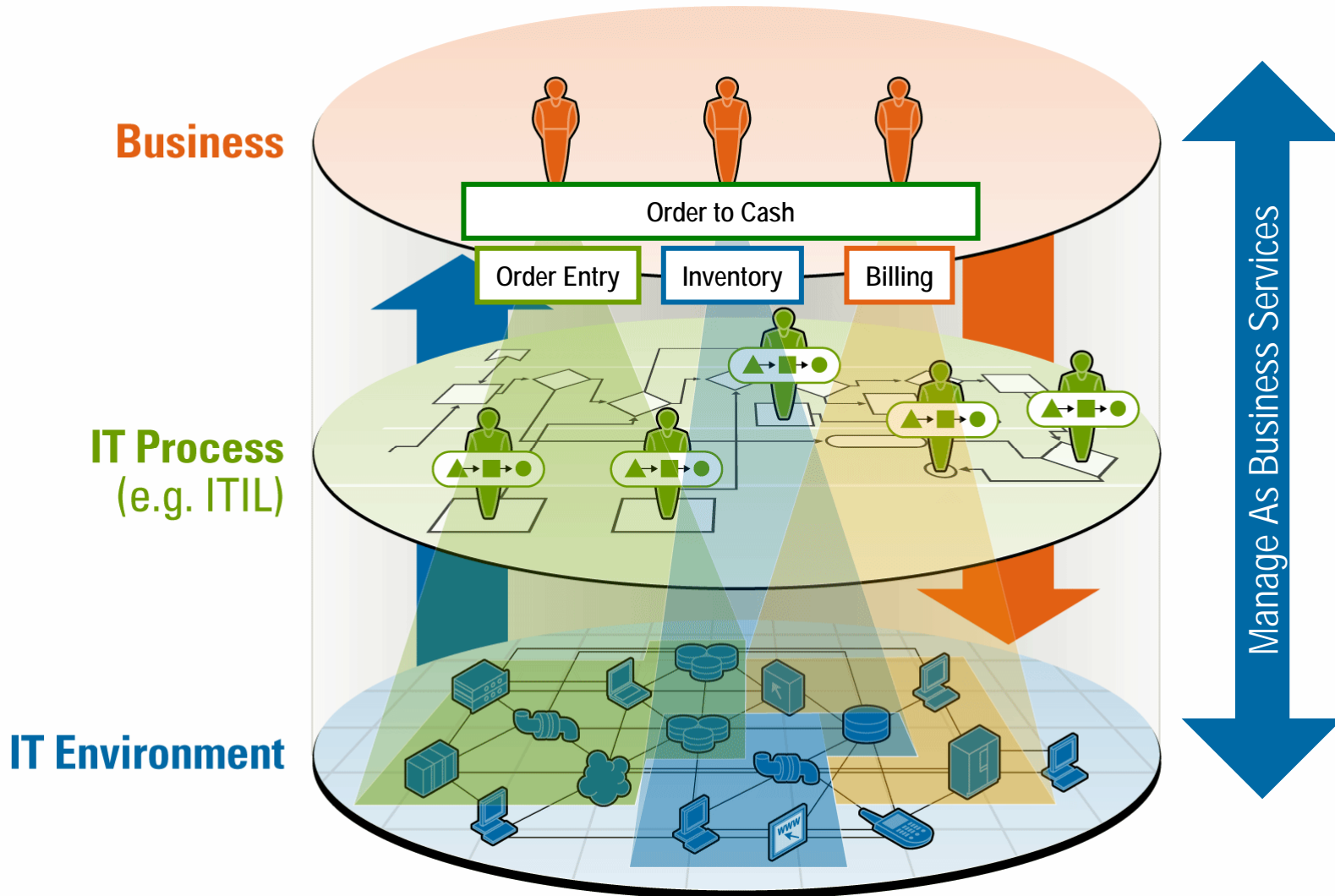


80% of downtime is from people and process failures

Business Service Management



Business Service Management



What is BSM (Really)? Defining Our Terms

BSM = Managing IT from the perspective of the business by prioritizing IT resources and activities according to impact on business services

- Infrastructure resource mapping
- End-to-end management
- Business process mapping
- Dynamically link services to infrastructure

"A business-focused IT service may be a specific IT service or part of a business process, but it must support a significant, visible business metric for a business owner."

Forrester Research, Inc.

"Business Service Management: Early Birds Are Catching The Worm, But IT Still Doesn't Get It," P. O'Neill, Feb. 2007

BSM Adoption

companies out of 10 successfully automating each aspect of BSM

Forrester Research, Inc.

"Business Service Management: Early Birds Are Catching The Worm, But IT Still Doesn't Get It," P. O'Neill, Feb. 2007

- Infrastructure resource mapping 7/10 ← CMDB
 - Discovering/maintaining relationships
- End-to-end management 4/10 ← Service Desk
 - Root cause analysis
- Business process mapping 2/10
 - Map processes to business metrics
- Dynamically link services to infrastructure 1/10
 - Link metrics to infrastructure

How Do I Do BSM?

Desired Outcome	BSM Approach
Think more like the business	Think service quality
Automate controls	Integrate and automate ITIL processes
Dynamically map infrastructure to business services	CMDB, discovery, service modeling
Automate routine service requests	Integrated service catalog with fulfillment workflow; self-service
Coordinate operations and support	Link critical support processes to infrastructure automation
Measure differently	Service-oriented SLAs and OLAs Tie silo metrics together around services
Communicate the vision	Look to previous successes, BSM adoption rates

Think Differently

- 1940s-70s: American manufacturers optimized their production around a 6-8 hour line changeover
- Japanese manufacturers reduced changeover to minutes (Toyota to 44 seconds)

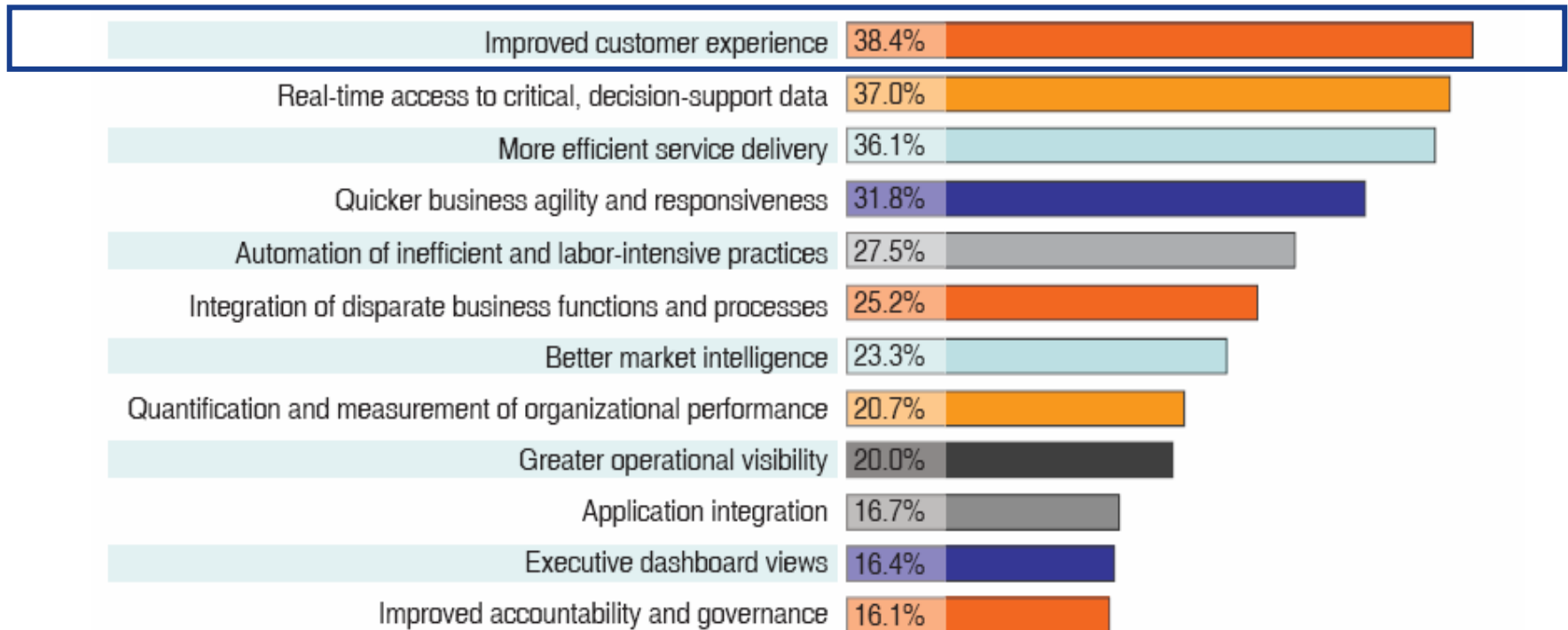


Think Service Quality



Think Service Quality

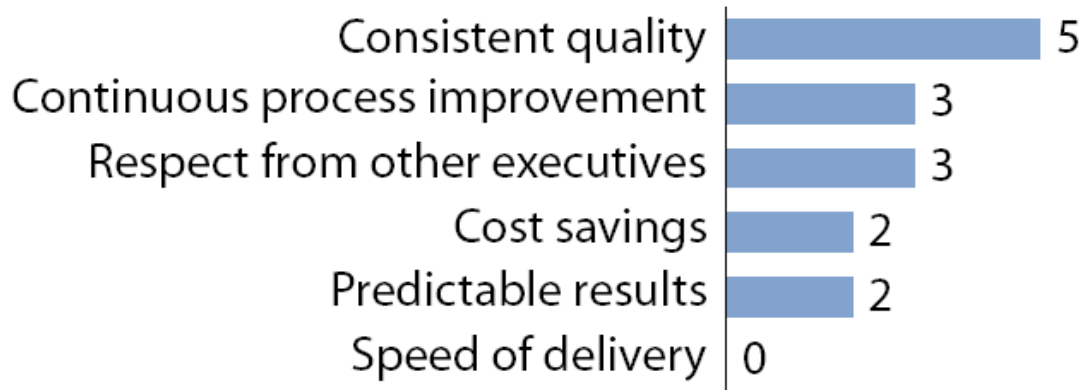
What should the strategic priorities be for IT in your organization?



Source: [The Alert Enterprise Audit](#), BPM Forum, 2006

Think Service Quality

“What benefits were realized from implementing your BSM program?”



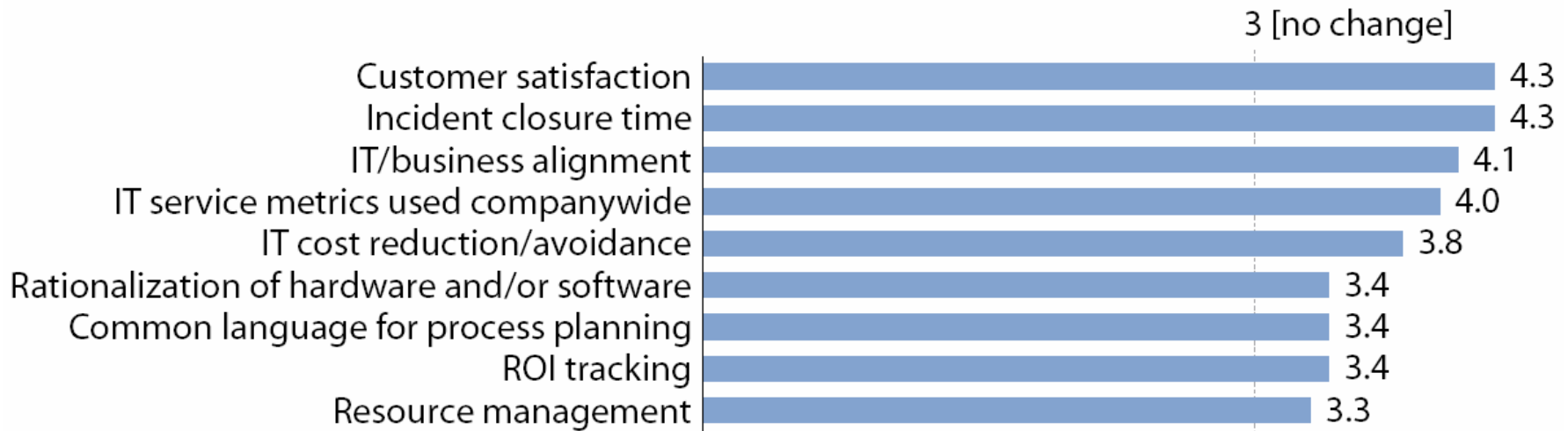
Base: 10 companies with leading BSM solutions
(multiple responses accepted)

Forrester Research, Inc.

“Business Service Management: Early Birds Are Catching The Worm, But IT Still Doesn't Get It,” P. O'Neill, Feb. 2007

Service Improvement with BSM

“How has your BSM program affected services?” (1 [significantly worse] to 5 [significantly better])




Base: 10 companies with leading BSM solutions
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Automate Controls: Become a Top Performer

 Information Technology Process Institute Research - Benchmarking - Prescriptive Guidance	Top vs. Medium Performers	Top vs. Bottom Performers
Unplanned work	-12%	-37%
Change success rate	+11%	+25%
First fix rate	+45%	+56%
Servers per admin	+250%	+540%
Frequency of loss from security breach	-29%	-84%
Security breaches detected	+52%	+581%

All while supporting 260% more apps, 450% more services, 500% more business changes

“Controls don’t slow the business down; like the brakes on a car, controls allow you to go faster” – *Stephen Katz, former CISO of Citibank*

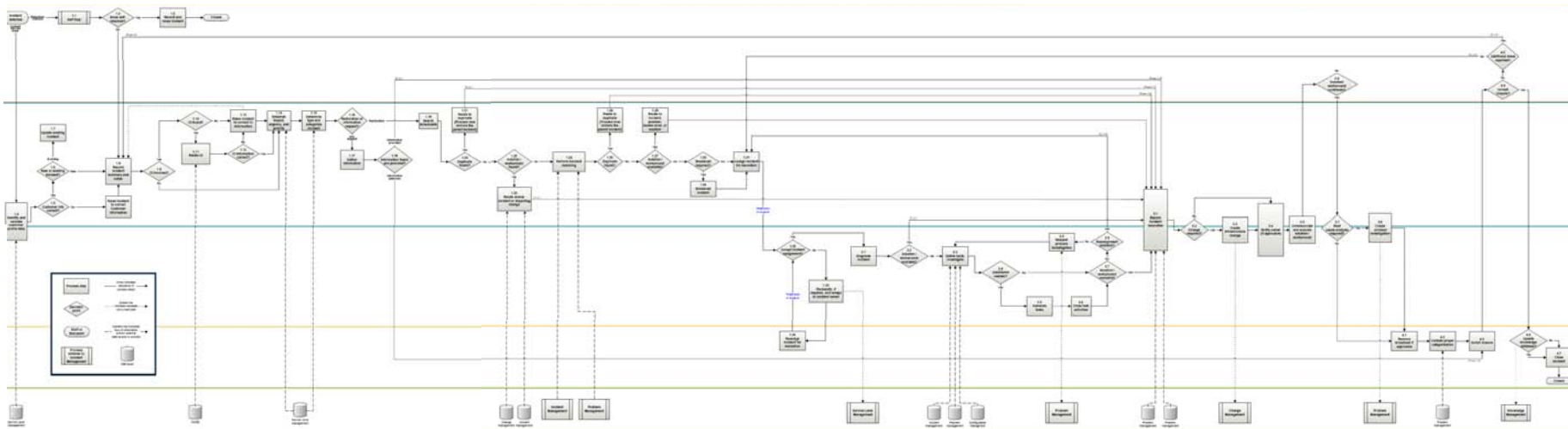
Information Technology Process Institute, “Re-framing IT Audit and Controls Resource Decisions”, 2006

Which Controls?

- **Top six Foundational Controls that differentiate high from medium performers are in Change and Configuration Management:**
 - Do you monitor systems for unauthorized **changes**?
 - Are there defined consequences for intentional, unauthorized **changes**?
 - Do you have a formal process for IT **configuration** management?
 - Do you have an automated process for **configuration** management?
 - Do you track your **change** success rate?
 - Are you able to provide personnel with accurate information on the IT **infrastructure**?
- **Other Foundational Controls that differentiate top from rest:**
 - Do you have a standardized process for building **software releases**?
 - Do you have a formal process to define **service levels**?
 - Do you use a knowledge base of **known errors and problems** to resolve incidents?
 - Do IT personnel have **well-defined roles and responsibilities**?
 - Do you regularly review logs of violation and security activity to identify and resolve **incidents of unauthorized access**?
 - Do you track the percentage of **incidents** that are fixed on the first attempt?

Build Toward End-to-End Processes

- Don't optimize for silos
 - Deploy incrementally
 - But have a plan for automating handoffs between processes



Map Infrastructure to Services



Change Management



Service Desk

Access CI dependencies within change process



Discovery



Access CI dependencies and change records from within incident process

Reduced failed changes by 50%

***\$1,852,500 3-year benefits
6-8 month payback***

Incident resolution labor reduced 25%

Consolidated tools, databases

\$990K savings

\$300K savings

\$562,500 savings

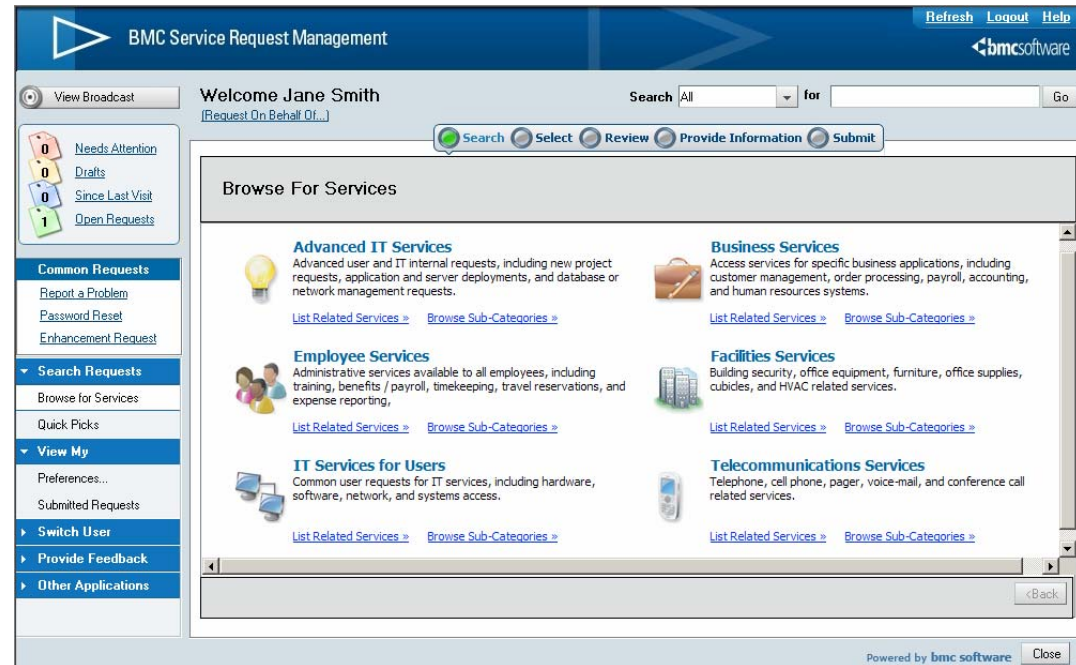
CMDB 3-year Costs: \$263,800

(services, implementation, ITIL Training)

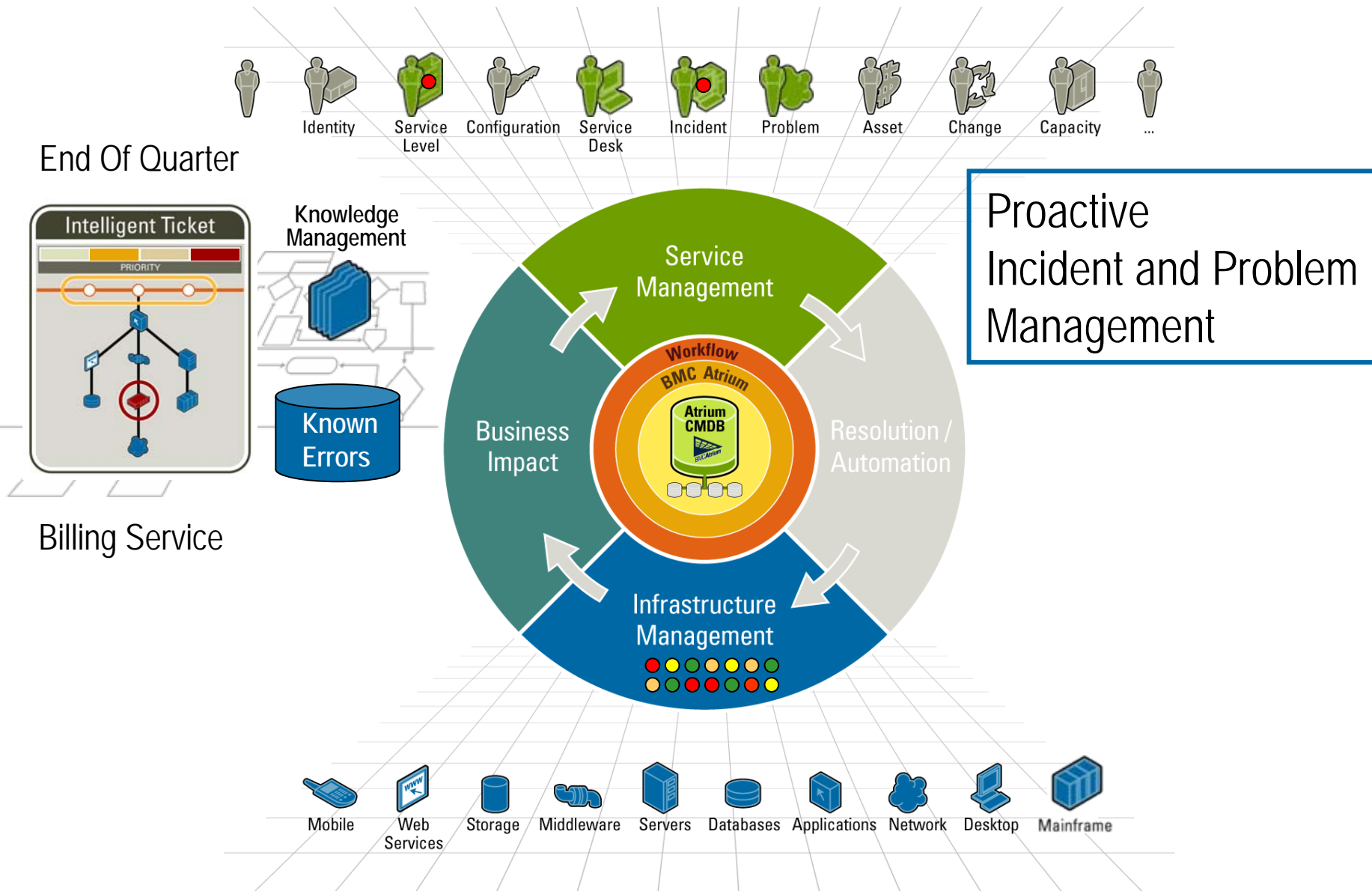
Source: Forrester Research, Total Economic Impact of the BMC Atrium CMDB Solution, Bob Cormier, Dec. 2006

Automate Routine Service Requests

- How?
 - Standardize requestable services in a service catalog
 - Present for self-service in customer's language
 - Trigger fulfillment workflow in existing service management tools
 - Measure demand, fulfillment turnaround
- Why?
 - Improve customer service experience
 - Better quantify customer demand and SLAs
 - Reduce repetitive staff efforts
 - Focus service desk, change on more strategic efforts



Link Processes To Infrastructure

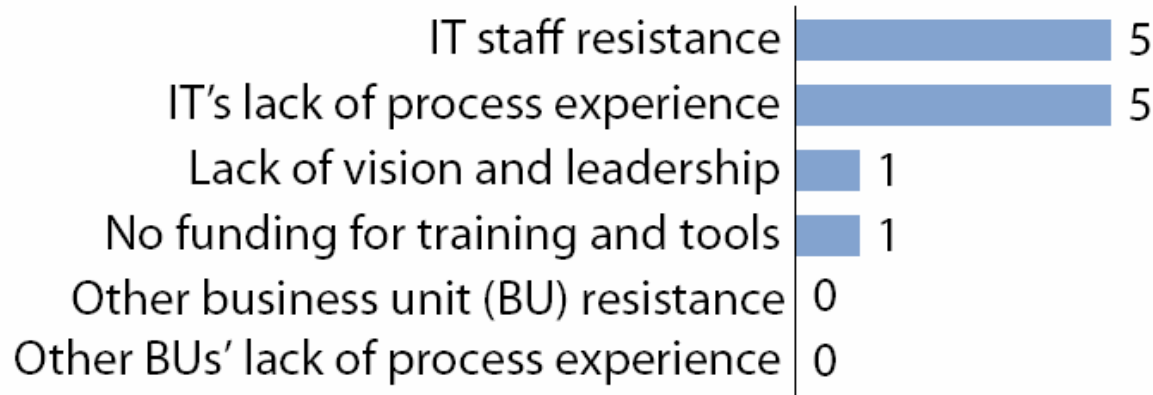


Measure Differently

	Traditional Metric (Silo)	BSM Metric
Incident and Problem	Incident/call duration # incidents resolved per tech	# and \$ of disruptions prevented, reported by business service
Change	# planned changes completed	# incidents per change # problems resolved, reported by business service
<p>Enable cross-functional BSM metrics by:</p> <ul style="list-style-type: none"> • Integrating processes • Relating process activity to business services 		
All Service Management	None	Health of business service: SLAs, incidents, problems, changes...

Align Your Organization

“What challenges did you encounter in implementing your BSM program?”



Base: 10 companies with leading BSM solutions
(multiple responses accepted)

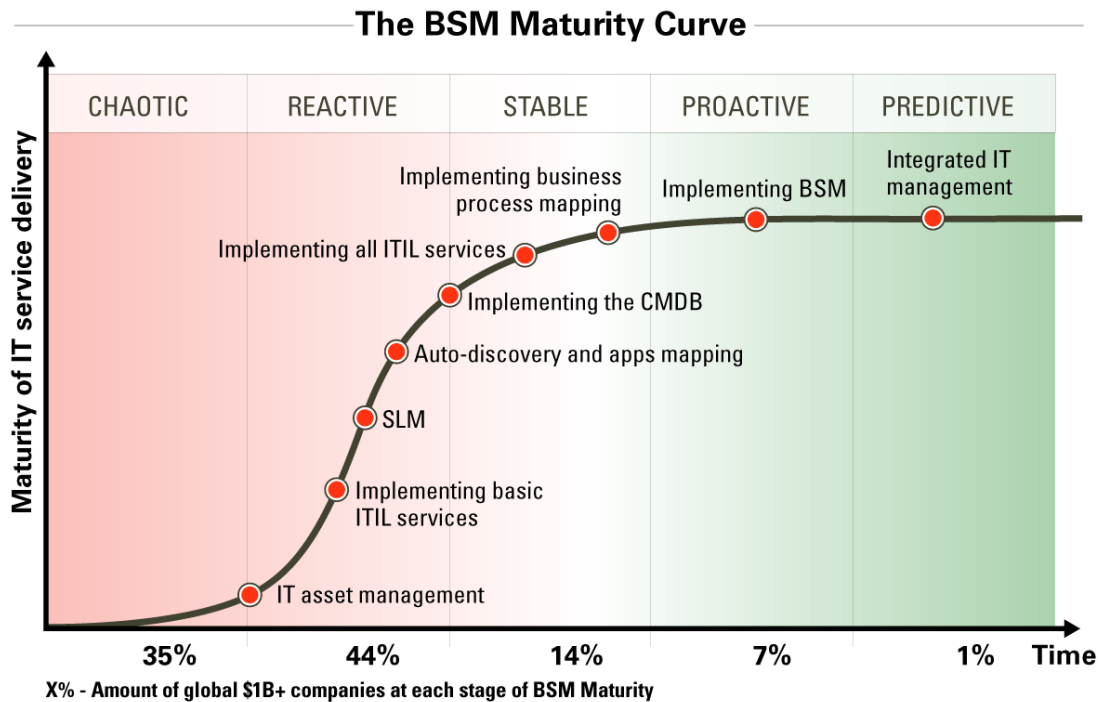
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Why Now?

- Sticks
 - Businesses patience expiring
 - Outsourcing
 - Compliance
- Carrots
 - Improve service quality
 - Start saving, performing sooner
 - BSM technology maturing, proven

Why Now?



"25% of \$1B+ companies will have conducted BSM implementations by 2008."

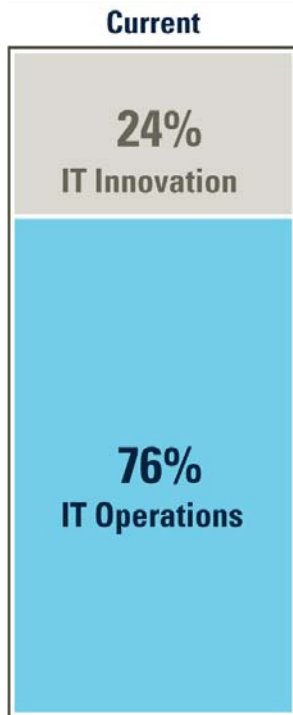
Implementing BSM - Keep The Big Picture In Mind If You Want To Reap The Full Benefits; by Dr. Thomas Mendel; Forrester Research, Inc., April 18, 2006

Source: Forrester Research, Inc., "IT Asset Management, ITIL, And The CMDB: Paving The Way For BSM", R. McNeill and T. Mendel, Ph.D., October 2005

BSM Creates Opportunity

What would be the business impact of 2X investment in IT innovation and development ?

IT Budget



"As 76% of the IT budget goes to operations, firms that implement BSM can potentially save 25% of their overall IT budget."

Forrester Research, Inc., "Implementing BSM: Keep The Big Picture In Mind If You Want To Reap The Full Benefits", T. Mendel, P. O'Neill, with J. Garbani, R. Iqbal, April 2006