High performance. Delivered.

Predictive Operations:
Business Service Management (BSM)

Manufacturing and Distribution Industry
Executive forum – March 24, 2006

Overview
What is Business Service Management ?

Business Service Management is the on-going set of processes that enables IT to be aligned and to be managed as a business. This includes the managing, monitoring and reporting on technology resources from a business services aspect.

BSM enables clients to focus its IT operations on business, aligning infrastructure investments and operational costs with business objectives and benefits enabling the prediction and adaptation to future needs as driven by the business.

In addition, It allows operations to observe the health of a service in real-time and ensure that business service levels under-pinned by traditional IT service levels are always in a state of compliance and made visible to stakeholders.

Key areas of focus include:

- Infrastructure Governance
- Financial Management
- Business Service Level Management
- End-to-end business availability

Overview
Value of Business Service Management

Business service orientation aligns Information Technology (IT) with business requirements, enabling the optimization of services through the use of measurement and feedback mechanisms.

Value is created through the optimization of services, which is brought about by:
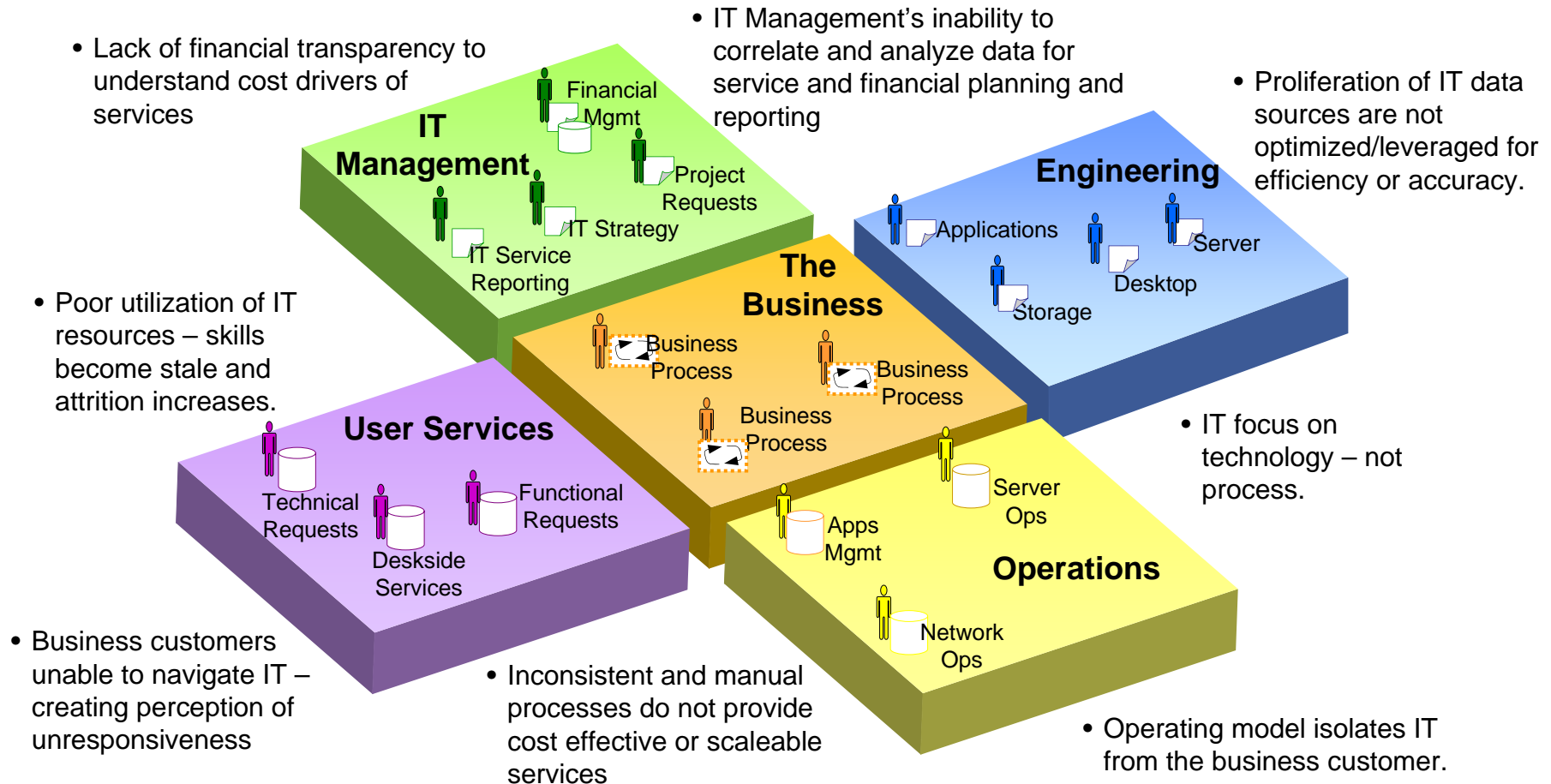
- Improving service effectiveness and efficiency from reactive to predictive 10-25%.

- Reducing operating costs by an average of 15-25%.

- Improving service level compliance and reporting.

- Improving customer satisfaction and relevancy to the business.

- Improving financial transparency of activities driving IT costs.

  For example, improved service level compliancy, which guarantees end-to-end availability of a business process, increases the credibility of the IT organization.

Today's Challenges

Compartmentalization of processes, tools and organizations hamper IT's ability to respond with agility to business needs.

- Lack of financial transparency to understand cost drivers of services

- IT Management's inability to correlate and analyze data for service and financial planning and reporting

- Proliferation of IT data sources are not optimized/leveraged for efficiency or accuracy.

- Poor utilization of IT resources – skills become stale and attrition increases.

- IT focus on technology – not process.

- Business customers unable to navigate IT – creating perception of unresponsiveness

- Inconsistent and manual processes do not provide cost effective or scaleable services

- Operating model isolates IT from the business customer.

IT Management
- Financial Mgmt
- Project Requests
- IT Strategy
- IT Service Reporting

Engineering
- Applications
- Server
- Desktop
- Storage

The Business
- Business Process
- Business Process
- Business Process

User Services
- Technical Requests
- Functional Requests
- Deskside Services

Operations
- Server Ops
- Apps Mgmt
- Network Ops

Accenture Point of View: Vision

These trends and business demands require IT to transform from a technical-orientation to business service orientation to demonstrate value to the Business.
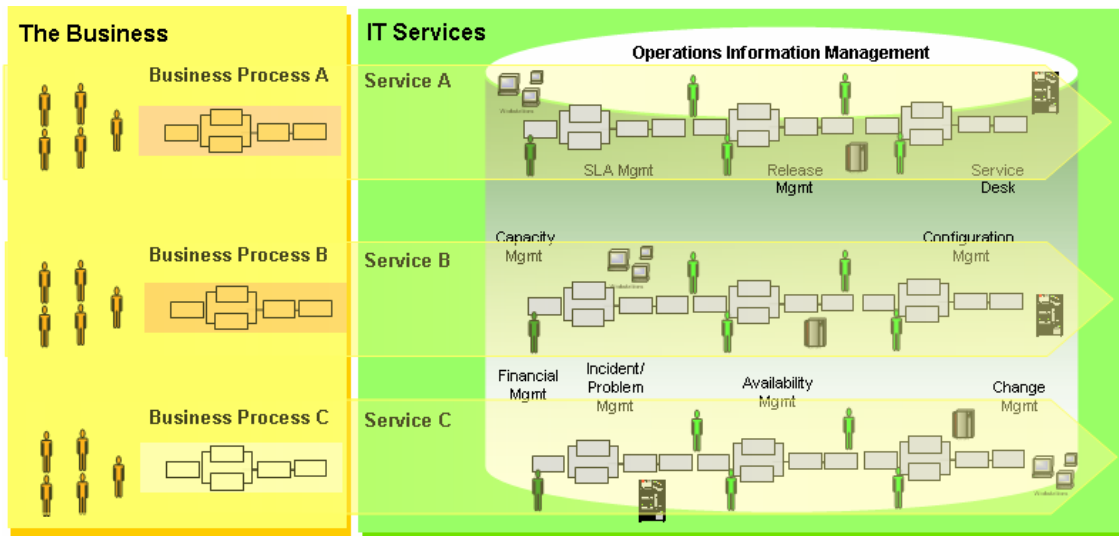
Aligning with Business Need

- Emphasis on **managing IT as a business**
- Transforming from traditional model of technology provider to **service provider**
- Understanding and defining **services** in the context of the **business customer**
- Correlating **business goals** with operational and infrastructure components
- Defining and reporting metrics on service usage, **SLA compliance and business impact based on customer discussions on business need**

Optimizing Investments

- Optimization of asset investments
- Chargeback mechanisms that allow business to control costs usage and performance
- Improved sourcing decisions based on service history and TCO

Operational Productivity

- Standardization of services in a Service Catalog – decreasing ad-hoc non-value add requests
- Organizational resources aligned with business need
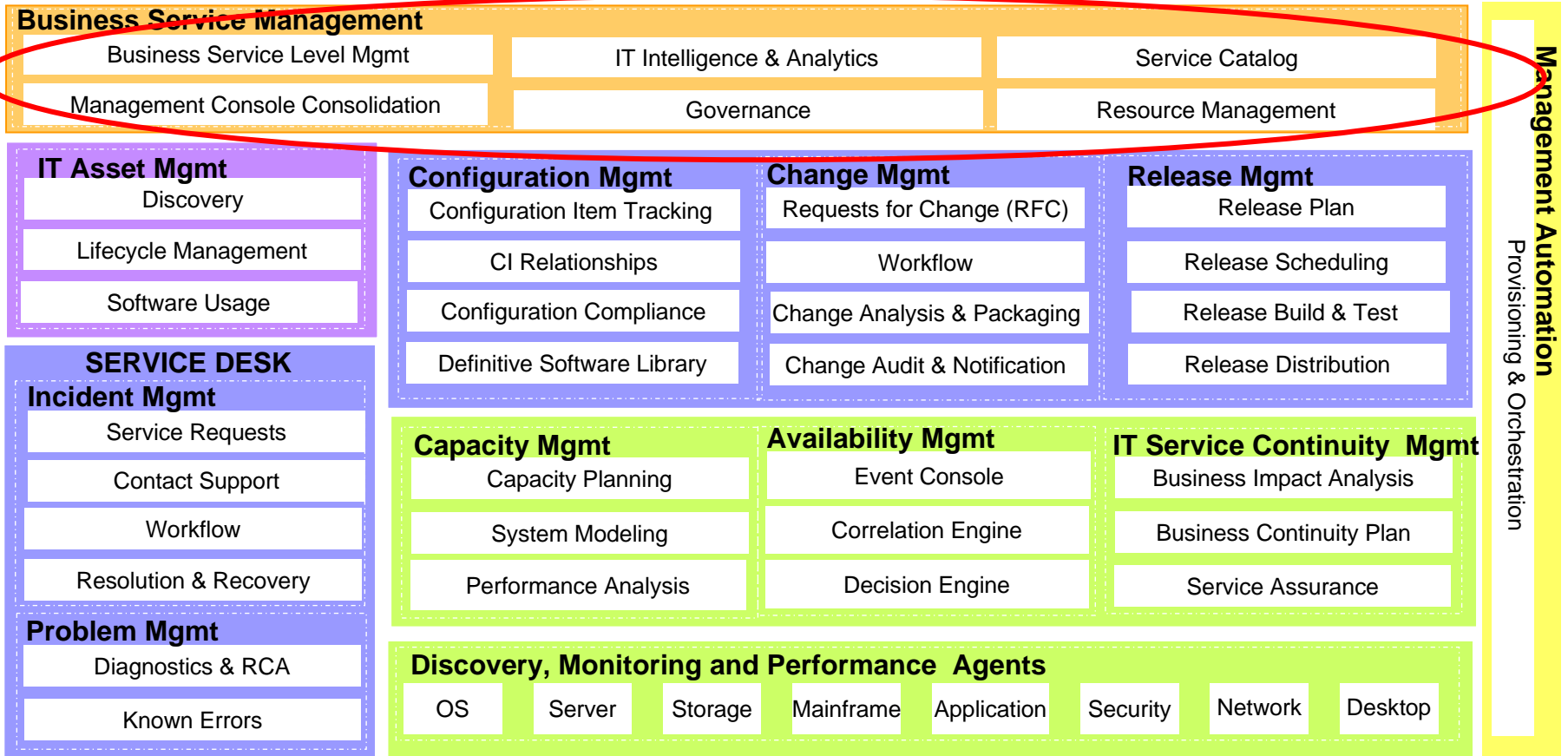- Improved cross business-IT communication

Improving Agility

- Responding to business requests efficiently and effectively
- Improved proactive demand planning – the right resources at the right time
- Modeled view of the interdependencies between infrastructure components and services- optimizing resource allocation to business priorities
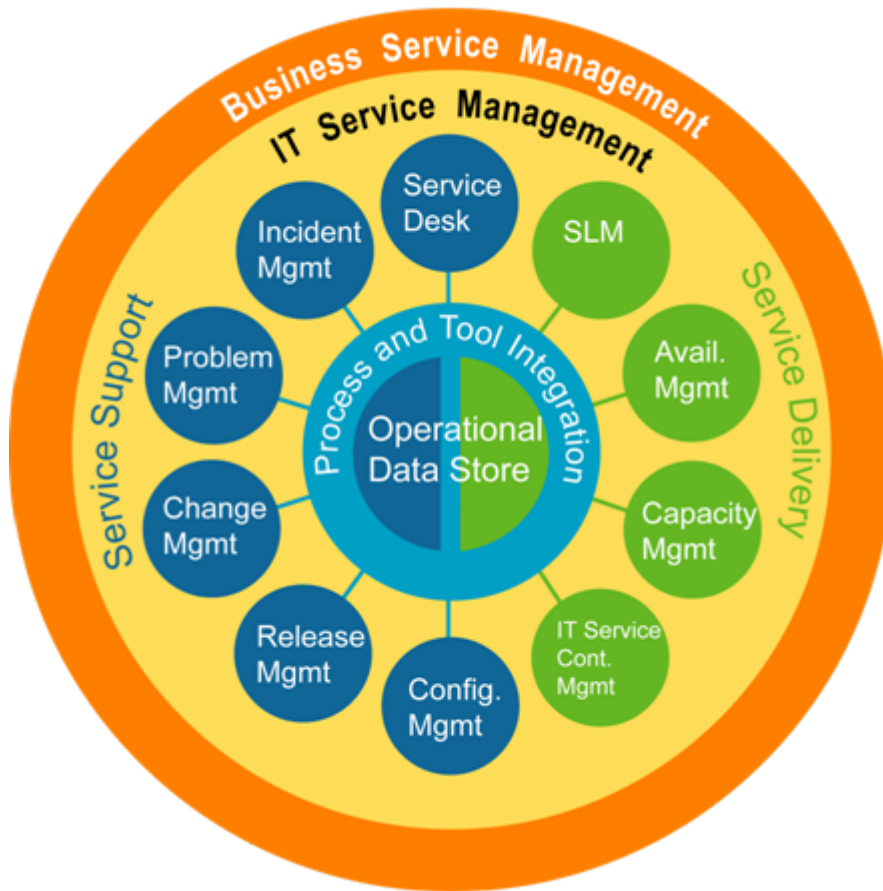
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Accenture Point of View:
Predictive Operations Architecture Framework

BSM is the processes and toolsets required to align with the business, further enabling reduced service costs and improved quality of services moving IT from reactive to predictive.

Business Service Management

Business Service Level Mgmt	IT Intelligence & Analytics	Service Catalog
Management Console Consolidation	Governance	Resource Management

Management Automation
Provisioning & Orchestration

IT Asset Mgmt
- Discovery
- Lifecycle Management
- Software Usage

Configuration Mgmt
- Configuration Item Tracking
- CI Relationships
- Configuration Compliance
- Definitive Software Library

Change Mgmt
- Requests for Change (RFC)
- Workflow
- Change Analysis & Packaging
- Change Audit & Notification

Release Mgmt
- Release Plan
- Release Scheduling
- Release Build & Test
- Release Distribution

SERVICE DESK

Incident Mgmt
- Service Requests
- Contact Support
- Workflow
- Resolution & Recovery

Capacity Mgmt
- Capacity Planning
- System Modeling
- Performance Analysis

Availability Mgmt
- Event Console
- Correlation Engine
- Decision Engine

IT Service Continuity Mgmt
- Business Impact Analysis
- Business Continuity Plan
- Service Assurance

Problem Mgmt
- Diagnostics & RCA
- Known Errors

Discovery, Monitoring and Performance Agents

OS	Server	Storage	Mainframe	Application	Security	Network	Desktop

Service Support   Service Delivery

Business Service Management on the top of IT Service Management

Business Service Management
is built on top of the IT Service Management capability, which includes Service Support and Service Delivery as defined in the ITIL.

Service Support
ensures that the Customer has access to the appropriate services to support business functions, including:
- Service Desk
- Incident Management
- Problem Management:
- Change Management
- Release Management
- Configuration Management

Service Delivery
defines the services the business requires of the provider in order to provide adequate support to the business Users, including:
- Service Level Management:
- Availability Management
- Capacity Management
- IT Service Continuity Management

BSM & the Infrastructure Services Framework

Business Service Management enables IT organizations to better align with the business and therefore become a strategic enabler rather than a pure cost center.

Based on capabilities delivered by IT Service Management, BSM provides a "business" view to IT and tackles two areas:

- Aligning IT with the business.

- Running IT as a business.

BSM: Aligning IT with the Business

Aligning IT with the business includes four main components:

- Business Service Level Management

- Service Catalog

- Management Console Consolidation

- Business Capability Management

Responsible for:

- Understanding business needs in terms of service level requirements.

- Measuring service levels delivered and identifying improvement opportunities.

- Understanding how business plans impact IT capabilities.
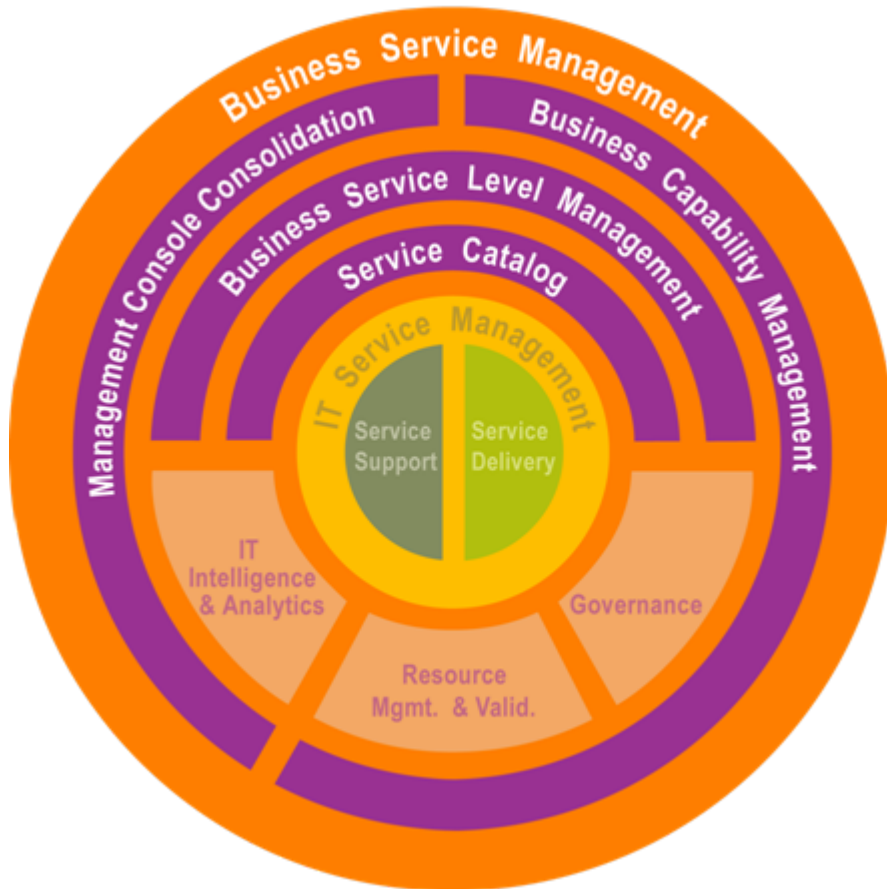
BSM: Service Levels

Understanding business needs in terms of service level requirements.

Similar to IT Service Management, BSM offers a Service Catalog that encompasses all services that an IT organization can deliver to the business. However, BSM defines services in the context of the business customer, not in terms of IT, which allows the IT organization and business leaders to speak the same language.

Example: while ITSM might propose SAP availability at 99,5% in the Service Catalog, BSM will offer a business process (e.g., invoicing process, order-to-delivery process) with 99,9% availability and a response time of 1 s in the Service Catalog.

Based on the standard services referenced in the Service Catalog, the IT organization can negotiate Business Service Level Agreements (BSLA) with the business customers that will correlate business goals with operational and infrastructure components.

BSM: Management Console Consolidation

Measuring the levels of service delivered and identifying improvement opportunities.

As more and more business processes are encapsulated in applications (such as ERPs), the Management Console consolidates metrics on service usage and compliance with Business Service Level Agreements. It allows IT operations and business users to observe the health of processes and services in real-time and ensure that service levels are always compliant.

The Management Console consolidates data from the tools used by IT Service Management to monitor end-to-end performance of IT systems, and its impact on the business.

The Management Console also provides metrics on the performance of the IT organization, and will help identify improvement opportunities for the services it delivers.

BSM: Business Capability Management

Understanding How Business Plans Impact IT Capabilities

BSM is more than an IT dashboard for management. To better align with the Business, the IT organization needs to understand:

- How business customers use the IT infrastructure.

- What their priorities are in terms of required IT services.

- What the business plans are in terms of evolution of business processes and business volumes.

Through this on-going dialog with the business, the IT organization can anticipate required changes to accommodate business needs (capacity planning) and pro-actively enhance the services it delivers based on priorities set by the business.

BSM: Running IT as a Business

Running IT as a Business

includes three main components:

- Resource Management & Validation

- Governance

- IT Intelligence and Analytics

Responsible for:

- Responding to customer needs in a timely and cost-effective manner.

- Supporting the transformation from a technology provider to a service provider.

- Capturing data, extracting metrics and identifying trends.

BSM: Resource Management & Validation

An IT organization manages a large variety of resources to provide services:

- Infrastructure resources (e.g., processing power, storage capacity, network bandwidth, etc…).
- Computing capabilities (e.g., middleware, applications, etc…).
- Manpower (e.g., internal staff, contractors, consultants, etc…).
- Financial resources (e.g., charge back, etc…).

Resource Management

As any other business unit, the IT organization must optimize the use of all these resources to achieve its target delivering quality services that fulfill business customer needs when they need them and in a cost-effective manner.

With the emergence of the Utility Computing paradigm, infrastructure and computing capabilities will scale the supply of computing power to the demand of the business users.

BSM brings the additional dimension of managing IT manpower and financial resources to better support the business by ensuring that staff are working on the most critical, value-adding activities with the right skills while investing in the most critical assets to support business plans.

BSM: Resource Management & Validation

Resource Validation

The aim of Resource Validation is to validate in an ongoing process that Resource Management can fulfill resource requests based on business needs with a maximum of flexibility in a minimum of time. To implement successful resource validation, business processes must be as automated as possible.

Because Resource Management & Validation is near to the technology, it is the best place to identify technology and architecture gaps, technical restrictions, and to obtain technology feedback to enable the IT Organization to reach a business service oriented target.

BSM: Governance

BSM emphasizes the importance of an appropriate governance structure for IT to transform it from a traditional model of technology provider to a service provider.

Such a structure ensures that IT is using its resources (infrastructure, manpower, financial) wisely to deliver a service that supports business plans and meets or exceeds business requirements in terms of service quality.

Business priorities and forecasts are discussed on a regular basis to ensure that they are aligned with IT plans.

Business requests for IT services (new functionalities, improved level of service) are analyzed efficiently and effectively to define the cost of the service and its impact on current services, and a decision is then made with the business users on the best way forward: go/no go decision, planning, investments, etc…

BSM: IT Intelligence & Analytics

More and more metrics are available to IT operators. The purpose of IT Intelligence & Analytics is to make sense of this flow of information, and in particular, to identify trends in order to anticipate future problems that could eventually have an impact on the business.

For instance, an audit on the Configuration Management Data Base (CMDB) for desktops that reveals that a specific model has a significant shorter lifespan, is valuable input to the decision-making process for future investments.

Similarly, recurrent alerts on disk space usage for e-mail accounts could trigger two different actions that need further discussion with the business: either buy new disks (IT investment) and allow users to continue using the system without changes or encourage them to manage their e-mail history using more cost-efficient solutions such as archives.

Considerations for Implementing BSM

Implementing BSM does not mean implementing all the described functions immediately. The priority order varies according to the specific problems that customers are trying to resolve.

Key considerations to bear in mind while defining an implementation strategy for BSM:

- Ensure top-down management commitment and involve all the groups within the IS organization. Good communication between IT Organization and business units must be established.

- Start with sub-projects that will produce a quick Return on Investment (ROI) and put in place the foundations to deliver service management goals.

- Focus on defining and monitoring only a few critical business processes to start with and then expand further.

- Build the BSM solution from existing investments in management technologies.

- Have the tools and processes in place to collect and measure data, especially performance information from user perspectives. The IT organization must be confident about its data collection and analysis capabilities before it can commit to business-focused service levels.

- Define relationships between infrastructure components, and between infrastructure components and business services. This step is key to perform root-cause analysis and to understand the impact of changes for the business and for the IT organization.

Value Proposition

Business Service Management enables business and IT leaders to speak the same language through a clearly defined IT Service Catalog, allowing technology to grow in a manner that is positive and efficient for both:

- Linkage to business process flow and dollar impact of IT resources.

- Increased emphasis on business process performance and service continuity.

- Real-time visibility to business process flow health and performance.

- IT infrastructure management capability progressing from reactive to proactive to predictive.

BSM Versus ITSM?

While ITSM focuses on delivering high-quality and cost-effective IT Services, BSM manages the interface between IT and business customers:

- BSM relies on services delivered by ITSM and "translates" them into services that business customers can understand (e.g., business processes).

- BSM translates business needs and priorities into requirements for the IT organization.

- BSM views the IT organization as a business unit of its own, and promotes a governance structure for IT and a pro-active management of IT resources (infrastructure, manpower).

Required Tool Capabilities

Infrastructure management tools

Select the foundation tools for monitoring infrastructure health.

Application transactions and performance monitors

Provide end-to-end performance of applications and transactions.

Event correlation and consolidation tools

Process and consolidate all events into meaningful information.

Configuration Management Data Base (CMDB)

Contains all IT assets, their relations, and how they support the different business processes as described in service models – ideally with auto-discovery capabilities.

Management console

Portal accessible by business customers and IT operators providing health of business processes and services in a real-time manner and ensuring that service levels are always in a state of compliance, and including the management of a Service Catalog.

Resource management tools

Includes time reporting and project management capabilities.

Today's Market Outlook

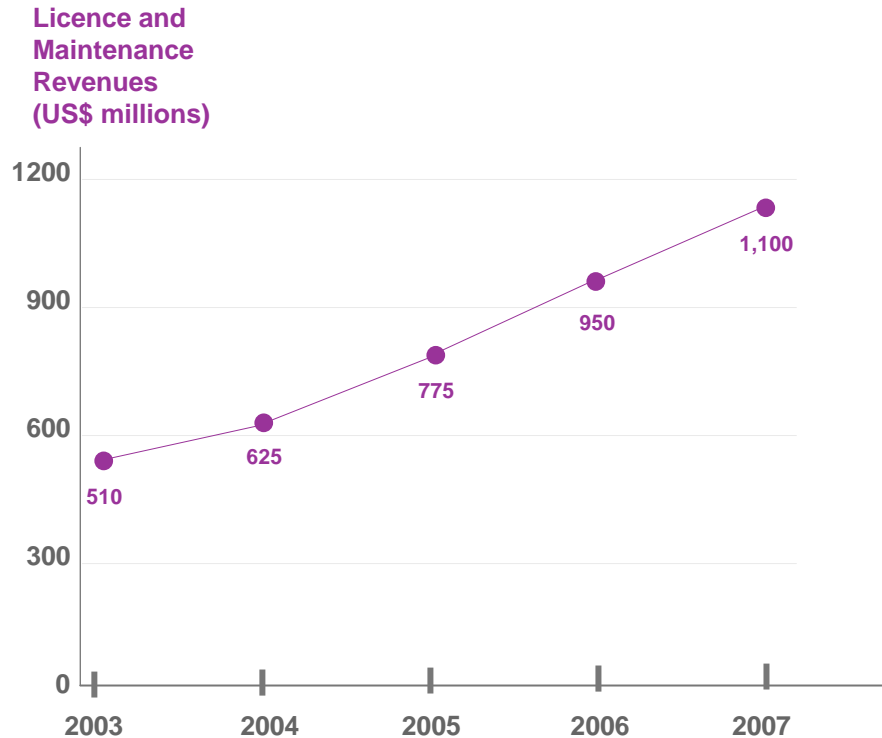**BSM is still in its infancy and the market is not mature yet.**

- Additional technology development is required to automate important steps in building BSM solutions (e.g., the mapping of business processes and underlying infrastructure elements), which are still performed manually today.

- BSM is gaining momentum in the market and all vendors are releasing tools that help build BSM solutions.

- Today's main players are BMC, HP, Mercury, Managed Objects, Centrata, IBM, and CA.

Today's Market Outlook
What Are Analysts Saying? Maturity

SLM/BSM Market Growth

Licence and Maintenance Revenues (US$ millions)

Data points:
- 2003: 510
- 2004: 625
- 2005: 775
- 2006: 950
- 2007: 1,100

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According to Forrester Research, traditional infrastructure tool vendors will increasingly dominate the SLM market, whereas the BSM side of the market will continue to be a dynamic area of high innovation — better defining business processes, mapping business needs to IT services in a more automated and dynamic fashion, and enabling true end-to-end service delivery chains for the extended enterprise.

Many companies will start with SLM, as this follows the natural path of progression to maturity in service delivery. Once the basic IT services are well managed, these companies will eventually start to also adopt more sophisticated BSM technologies. This means that spending on BSM and SLM will equalize by 2007; after that, the majority of companies will be investing in BSM because virtually everybody will have already implemented basic SLM capabilities.
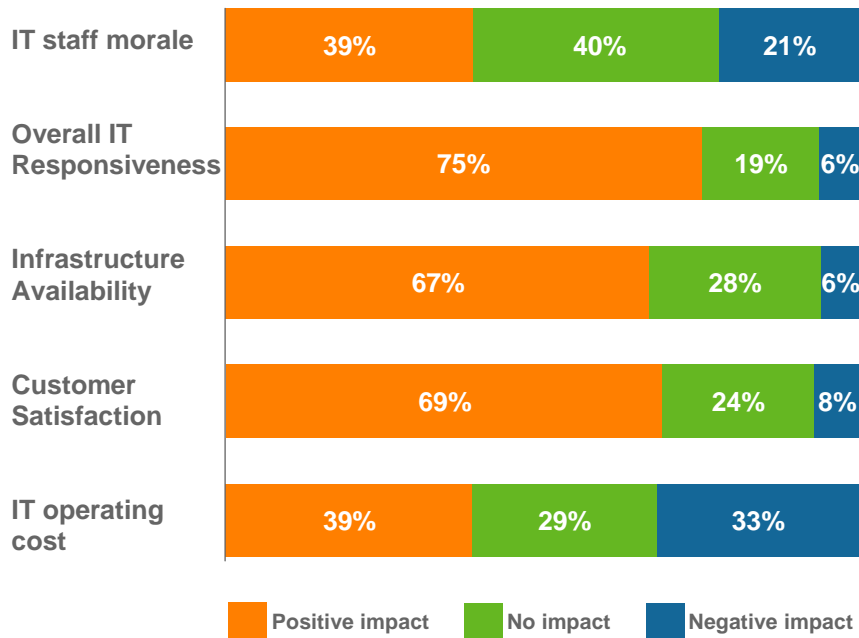
Today's Market Outlook
What Are Analysts Saying? Benefits

Benefits of implementing service levels

Please rate the impact that managing IT infrastructure with SLAs has had on your business

Category	Positive impact	No impact	Negative impact
IT staff morale	39%	40%	21%
Overall IT Responsiveness	75%	19%	6%
Infrastructure Availability	67%	28%	6%
Customer Satisfaction	69%	24%	8%
IT operating cost	39%	29%	33%

■ Positive impact   ■ No impact   ■ Negative impact

According to AMR Research, the business case for BSM should be based on:

- Reduced staffing costs

- Shorter Mean Time To Repair (MTTR),

- Better Service-Level Agreement (SLA) performance

BSM success depends upon change management maturity

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– August 27, 2004