

New Focus on IT Management

Everybody's talking about business-IT alignment, but how mature are process improvement and consolidation strategies in today's enterprises? Read our survey results to learn the answers.

EXECUTIVE SUMMARY

Enterprise IT operations professionals are under increasing pressure to align their services with business processes and goals, help cut unnecessary costs, boost operating efficiency, and drive productivity and innovation. A recent Ziff-Davis/Strategy Group survey found that companies are not always able to facilitate effective business-IT communication, and that although the general trend seems to be moving toward service-oriented alignment, enterprises are not yet confident about automation, proactive problem-solving, consolidation, and virtualization.

BMC Software offers IT management solutions that meet each of these needs and enable customers to achieve and communicate service level goals, improve processes and quality of service, reduce costs and become more responsive to the business.

INTRODUCTION

IT and business merging

There was a time when IT departments were considered separate entities from a company's core business groups. The facilities manager was in charge of making sure the lights stayed on and the heating/air conditioning worked, and the IT director was in charge of making sure the servers and network were stable. Whatever the organization actually did was not a concern for these support services.

In recent years, however, IT professionals have been feeling pressure from two corporate directions: financial and operational. On the one hand, competition and rising costs are forcing every business to trim unnecessary expenses — which is fueling the popularity of IT consolidation projects. On the other, more companies have realized that IT is the key to corporate data management and security, and that strategic IT applications can boost productivity and drive bottom-line growth.

In fact, a recent report from the Butler Group, a UK-based subsidiary of Datamonitor, found that many business projects suffer when IT management is not factored into

the plans. The research indicates that IT governance initiatives often don't consider the broader requirements of alignment with business objectives, and as a consequence, there is a lack of coordination between the IT-led elements of projects and management of the associated business change.

Butler Group Research Director Tim Jennings says, "Whether an organization views IT as a strategic capability involving significant investment, or purely as a support service to be delivered at minimal cost, the reality is that all are dependent on information systems as an integral part of many business processes. Effective IT governance is therefore essential to ensure that the delivery of IT services meets the requirements of the business." (Butler Group report: "IT Governance: Managing Portfolios, Projects, Processes and People," Tim Jennings, April 2007)

Consolidation is the first order of business at many companies, as centralized management of fewer resources reduces expenses and IT overhead. "The issue isn't whether or not companies will consolidate. The issue is approach," says Matthew Eastwood, vice president at research firm IDC, in a June 2006 report. "[Our] research indicates that the sooner companies embrace IT consolidation as a core business strategy, the sooner they will be able to achieve the kind of flexible and dynamic infrastructure that helps solve business problems like increasing revenue and satisfying customers." (IDC update report: "Worldwide IT Consolidation Market Opportunity, Matthew Eastwood and Matt Healey, #201996; June 2006)

In fact, companies are leveraging IT resources to speed project timelines and go-to-market strategies, make more efficient use of data under management, and maintain high levels of availability for business applications, thus improving competitive uptime guarantees via service level agreements (SLAs) with customers. Availability requirements demand that IT managers, as a start, monitor the resources under their purview — servers, network hardware, databases, and applications — and put measures in place to ensure prompt recovery in case of any outage. There is a transformation occurring as IT operations organizations move from a pure silo focus to planning and managing the availability and performance of business services.

Regulatory compliance comes into play, as well. With security and privacy protections required by law in many industries, corporate management looks to IT for solutions, because the data center manages the servers, networks, and storage devices that must be secured. The added pressure and responsibilities inherent in Sarbanes-Oxley and similar regulations make standardized process and tools even more critical.

The crucial element common to all these ideas is that business and IT must communicate effectively, so the technologists can map their capabilities and requirements to business objectives and the corporate managers can understand what technologies are needed and how they're used to drive achievements. This marriage between technology and business offers enormous promise, but generally involves new risks that must be managed.

To that end, CIOs, CEOs, business managers, and IT operations leaders are considering questions like:

- How much time does our IT department spend on routine upkeep vs. innovation?
- How can we better align IT resources with business goals?
- Do our IT and business units communicate effectively?
- What factors contribute to inefficiency in the IT department?
- What happens when services are interrupted? Who reacts and how?
- How can we leverage the latest trends in consolidation and integration to boost productivity and cut costs?

To answer these questions, Ziff-Davis Media and Englewood, FL-based research firm The Strategy Group conducted a survey of IT and corporate executives at large enterprises throughout the country. Qualified respondents worked in companies with 5,000 or more employees, and held job titles of IT Director or higher. In this paper, we'll review the results of the survey and explore the concerns and motivations driving IT and business alignment.

SURVEY RESULTS

Current challenges

IT decision-makers were asked to rate the “top challenges” their organizations face this year, and although ensuring quality of service (QoS) was the greatest concern (ranked highest by 86 percent of respondents), it was followed quite closely by IT process improvement, availability and performance of applications, business/IT alignment, cost reduction, and regulatory compliance.

The trend illustrated by these results is that IT managers and executives are concerned with long-term viability and efficiency gains, and short-term competitive position. These ideas were borne out in an October 2006 CIO Insight survey as well, where 66 percent of respondents said business process improvement was the top priority in their companies, with the aim of increasing productivity and revenue while reducing costs.

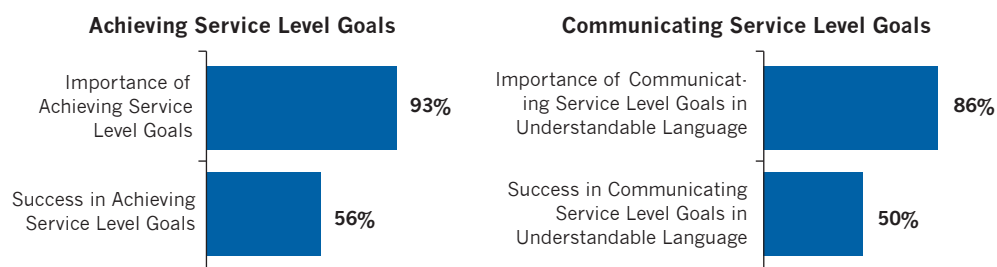
CIO Insight Executive Editor Allen E. Alter points out that in order to successfully implement a process-improvement initiative, IT staff members must have a good grasp of their company's processes, while CIOs must establish effective relationships with the business side. (CIO Insight report: “October 2006 Business Process Improvement Survey,” Allan E. Alter)

Other concerns that were ranked with slightly less severity, but still in the 63 percent to 68 percent range, include:

- Risk management – closely related to compliance;
- Customer knowledge/awareness management – a concern that IT can help alleviate with improved data integration and customer relationship management (CRM);
- Disaster planning/readiness; and
- Adaptability/change management.

Communicating service level goals

Figure 1: Achieving and communicating service level goals



Nearly all respondents agree that achieving and communicating service level goals are important priorities – underscoring the need for business and IT to communicate effectively. On the ground, however, only about half actually report success in these areas.

Process management, integration, and automated tools can help close this gap by helping companies monitor service levels and map IT metrics to business goals in meaningful and understandable ways. Having quality data on service performance and availability give IT operations credible ground on which to stand when speaking about service quality and future business priorities.

Performance and availability monitoring

When asked about current monitoring practices, the vast majority of respondents indicated that they track server, network, and database performance. More than two-thirds also monitor storage, applications, SLAs, and event management.

This technology-focused approach, as we’ll see later, is part of an overall incident-response pattern that’s best categorized as reactive and ad hoc. The performance of these disparate systems is being tracked and logged. However, only when an alert is sent or a dip is recorded do IT staffers scramble to address the problem as quickly as they can.

Smart companies are beginning to view performance monitoring as part of the business/IT alignment strategy. Instead of separating each IT resource into its own management silo, they’re considering a more holistic, service-based approach. Whatever resources are involved in supporting specific business processes are viewed as an IT service, and their performance is monitored based on how they support or detract from the achievement of business goals.

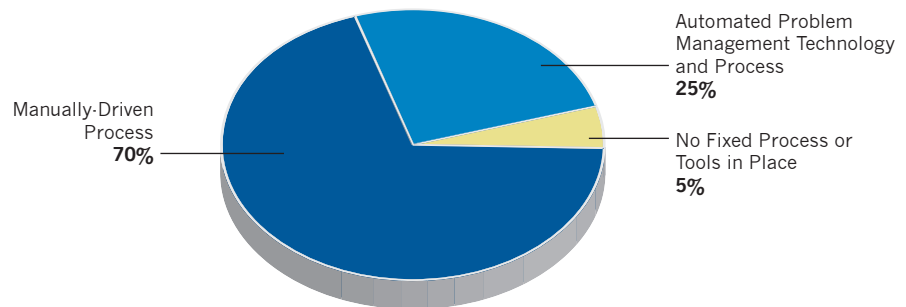
These are the primary ideas behind Business Service Management (BSM), service impact management, and service level management (SLM) — all of which involve mapping IT activities to business services and ensuring that their delivery and support are the highest priority for IT resources.

BSM and service impact management are ranked highest in answer to the question, “For areas not currently monitored, which are your top performance and availability

investment priorities for the next 12 months?” In addition, companies listed end-to-end application response time and SLA monitoring and reporting as major priorities. The trend away from individual resource monitoring and toward service availability and performance management is clear.

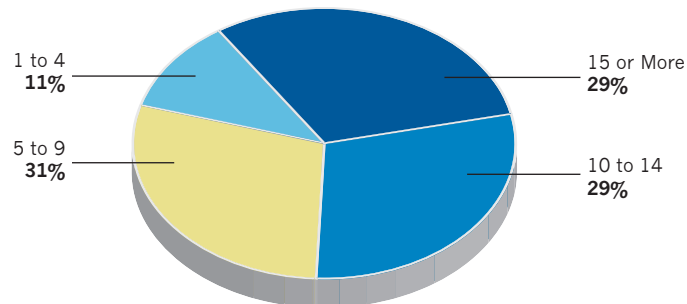
Problems with Problem-Solving

Figure 2a: How do you respond to problems?



The survey found that when reacting to IT incidents, most companies are employing manual processes that require significant human intervention. The inefficiency is glaring, especially when another finding is taken into consideration: On average, 14 staff members are involved in responding to and repairing service outages.

Figure 2b: How many people are involved when an outage occurs?



Companies are wasting significant amounts of time and money by maintaining incident-response processes that involve so many employees and so much hands-on intervention. However, the trend toward more proactive and service-focused tracking and problem-solving is growing, as evidenced by the next finding.

Participants were asked to choose the phrase that best describes their IT processes and problem-solving approaches now, and the one that best described it two years ago. The results show an encouraging push away from inefficiency and chaos and toward processes that are closely aligned with business value.

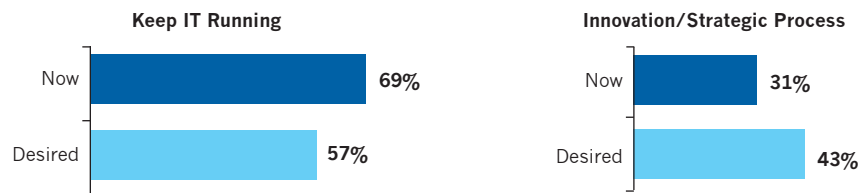
Two years ago, nearly half of respondents (45 percent) admitted to dealing with problems in an ad hoc, undocumented, unpredictable way. Essentially, IT was notified of problems when end users began complaining. Now, only 8 percent are still chaotic, with most falling into reactive, proactive, and service-oriented categories. The latter

two involve analyzing performance metrics and setting alert thresholds, predicting potential problems and automating response tasks where possible, and viewing IT as an integrated, highly available service provider more than a maintenance department.

What’s driving the slow but steady move toward efficient and business-aligned problem solving? Cost savings, first and foremost, according to 55 percent of respondents. Automated, anticipatory systems are far less expensive in the long run than a dozen or more employees devoting time and resources to fixing outages as they occur. Other participants cited SLA requirements and regulatory compliance as motivators for effecting positive change in enterprise problem-solving techniques.

IT spending patterns

Figure 3: How much are you spending on “keeping the lights on” vs. innovation?



In keeping with the theme of increased automation and proactive problem-solving, participants were asked how much of their current IT operations budgets is spent on keeping their infrastructure running smoothly — maintaining costs, availability, performance, quality, and flexibility — vs. researching and designing strategic implementations for increased business advantage and innovation.

On average, respondents said the split right now is about 70:30, and that over the next 12-24 months, they’ll be working to adjust the ratio closer to 55:45. As we’ve seen, companies are looking to achieve efficiencies and automate management and troubleshooting tasks, thus reducing operating costs and freeing up more budget for strategic investments. Technologies such as consolidation and virtualization, for example, are driving more effective use of hardware and IT administrative resources.

The implication of this trend is that businesses are ready to streamline processes, automate responses, and consolidate IT and management activities. The subsequent findings explained below support these conclusions.

Management priorities going forward

With the understanding that greater integration and efficiency are the goals, participants were asked to identify IT trends that are going to be important to their organizations over the next 12-24 months.

Improving IT management process maturity took top ranking, meaning that companies are looking to establish best practices and follow clear, well-documented processes for all incidents and workflows. IT governance and availability came next, continuing

the theme of streamlining and improving data center administration. Close behind are virtualization — consolidating multiple software-based environments on fewer hardware devices — and service-oriented architectures (SOA) and applications.

Drilling down into the issues of consolidation and virtualization, 57 percent of respondents are very or somewhat likely to undertake a vendor consolidation project in the next year or two, indicating that heterogeneous environments and point management tools are falling out of favor. Although the goal of SOA is to enable disparate software elements to work together seamlessly, it would seem that many companies are expecting to see benefits from reducing the number of vendors and points of contact needed for IT maintenance.

As virtualization takes off, most respondents (72 percent) indicate that they're planning to virtualize large-scale, enterprise applications within the next 6-18 months. At the same time, only a third of the decision-makers surveyed are confident that they have the right tools and plan in place to manage enterprise applications in virtual environments. Nearly 60 percent are still evaluating tools and designing their plans.

While virtualization promises significant benefits in terms of hardware and maintenance reductions and operational efficiency, it brings several challenges as well. Virtual servers running business-critical applications must be allocated sufficient processing and network resources to run smoothly, and they must be monitored closely to ensure availability and performance. As the survey response indicates, most companies have not yet found their ideal virtualization management solutions.

Figure 4a: Are you ready to manage virtualized enterprise applications?

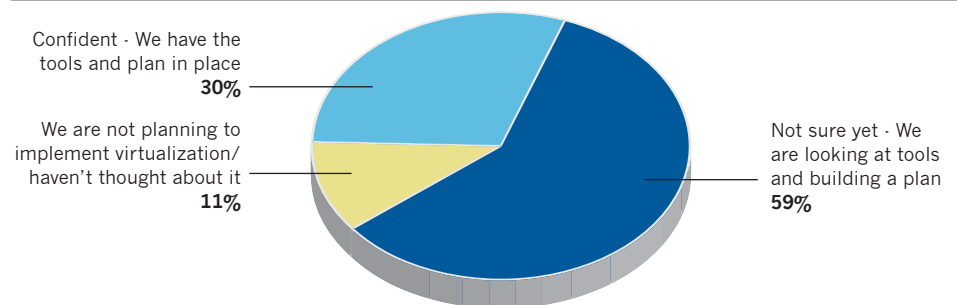
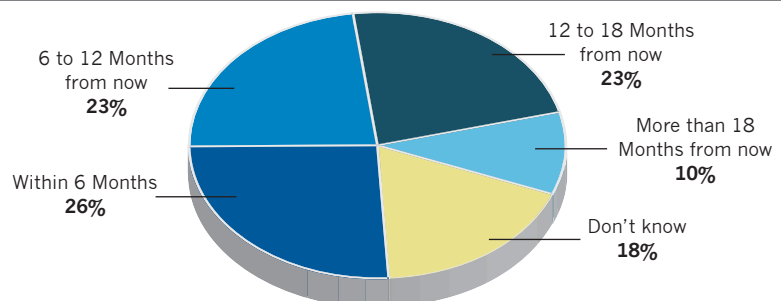


Figure 4b: Within what timeframe are you planning to virtualize major enterprise applications?



New directions for IT management

The survey results indicate that enterprises are concerned about improving service levels and availability for applications, and that they're more likely to view the IT department as a strategic business element than a maintenance crew.

End-to-end IT management practices and tools are the obvious choice for aligning business objectives with technological resources. In fact, survey respondents identified several functions they consider most important in IT management software, including:

- Integration with existing processes
- Automation of important functions
- Value out of the box
- Tangible ROI
- Management of IT in the business context

As we've mentioned, automation and easy deployment save time and money in the immediate and long terms. Keeping IT tied closely with company objectives ensures that resources can be devoted to those functions of the IT department that support the most critical business processes, thus making most effective use of corporate funds.

CONCLUSION

BMC delivers comprehensive, business-focused IT management tools

According to the Ziff-Davis/Strategy Group survey, IT operations leaders recognize the need to push consolidation and virtualization programs to save money and reduce overhead, but they're not fully prepared. An end-to-end management plan can solve current and future IT concerns while ensuring availability, SLA and regulatory compliance, and increased business/IT alignment.

BMC offers a comprehensive portfolio of solutions that meet each of these needs and conform to budgetary and administrative requirements of value out of the box, enabling quick rollout and quick realization of benefits.

In addition, with workflows based on best practices and powerful automation tools, BMC enables a Business Service Management approach that successfully bridges the gap between business and IT, optimizing costs and processes to align with business objectives, reducing management complexity, achieving regulatory compliance, solving problems and preventing outages proactively, and delivering higher levels and quality of service.

To learn more about BMC and its offerings, visit www.bmc.com.