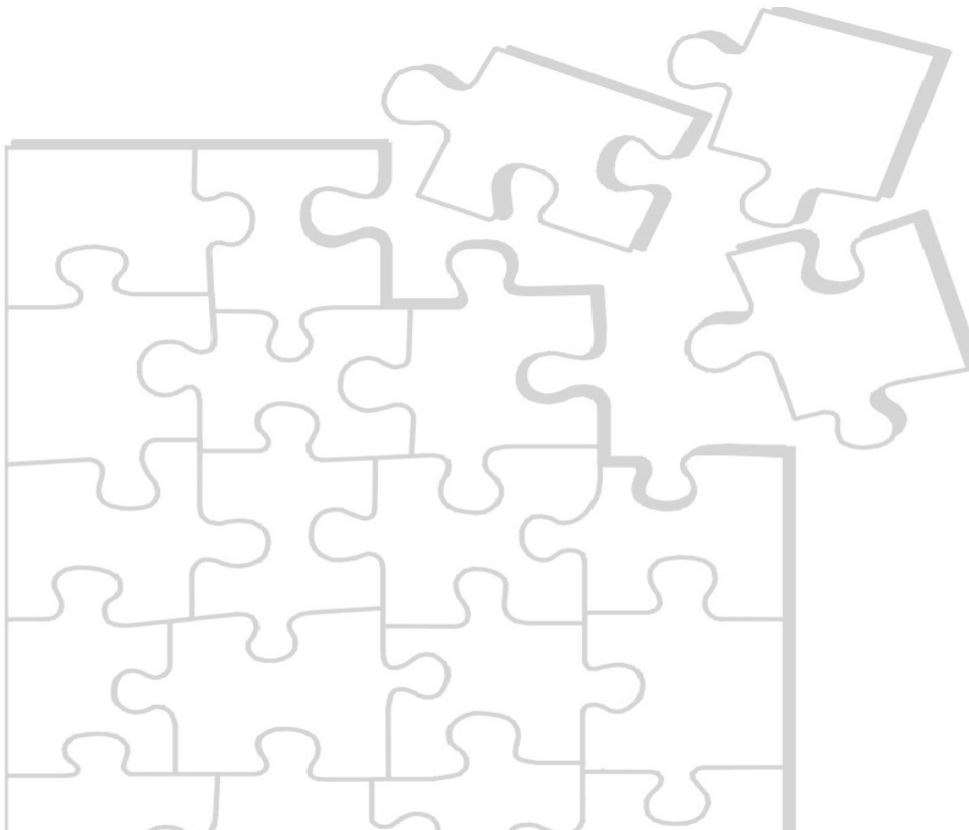




## Transforming IT Operations through BSM



The daily activities of IT Operations are important contributing factors that determine how well and how quickly an IT organization transitions to Business Service Management (BSM). Transformation to BSM is not only for the top levels of an IT organization — it should permeate throughout the entire IT organization. Therefore, BMC offers integrated process-oriented solutions that help IT Operations simultaneously solve immediate operational problems, while transforming into efficient and effective contributors to BSM.

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## The Importance of IT to the Business

Without a doubt, today's businesses depend heavily on Information Technology (IT). More accurately, successful and leading-edge businesses depend on business services that, in turn, depend on an IT infrastructure that performs well, is available when needed, and flexibly meets changing business demands — all cost effectively. A company can have superior products, a lucrative business model, and strong leadership, but if that company runs its business on a poorly managed and undependable IT infrastructure, that business will fail to thrive. Study after study proves this with an avalanche of statistics that point to lost business opportunities, the business costs of IT outages (quantified in minutes and seconds), and lost customer loyalty.

For example, a recent BMC Churn Index Survey<sup>1</sup> conducted by Research NOW surveyed more than 12,000 respondents in 12 European countries to investigate the dynamics of lost customer loyalty and churn (consumers switching from an incumbent supplier to a new one). In this survey, 96 percent of respondents state that they would remain loyal to their suppliers if they are treated properly. The study also shows that service considerations were the most statistically significant predictors that a respondent switched suppliers in the past six months. In fact, "74 percent of European consumers would be more loyal if their service supplier were more proactive about a problem with their service."

Although these statistics highlight the negative impact of under-performing IT services and infrastructures, there are also enormous opportunities for IT to positively impact the business. According to CIO Magazine's "State of the CIO Survey 2007,"<sup>2</sup> the top four impacts that IT expects to have in the year ahead are: enable business innovation (54 percent), reduce business costs (48 percent), improve customer (external) satisfaction (48 percent), and create competitive advantage (38 percent). However, most IT organizations do not fully exploit their potential for positively impacting the business because they are faced with many conflicting challenges and pressures, as well as daily operational activities that consume their attentions and preclude them from working on more strategic business activities. In order to actively deliver their full potential of positive business impact, IT needs to understand where they are, their changing mission, and how to reach their full potential of delivering both high-quality services and strategic innovation that enable the business to succeed and leave its competitors behind.

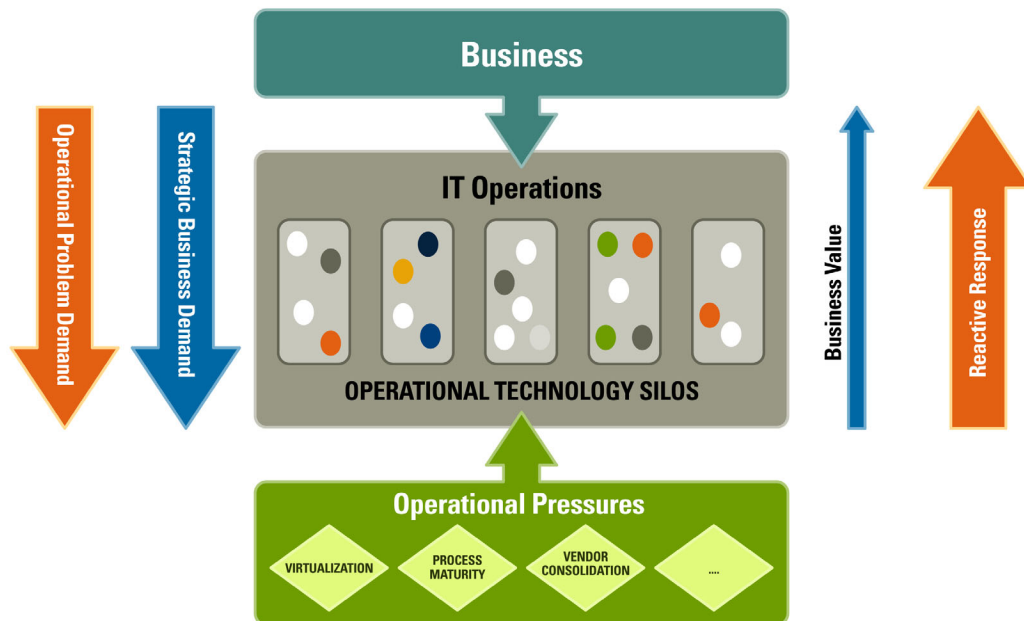
## The Changing Mission of IT Operations

The mission of IT Operations changed significantly in recent years. In the past, IT Operations' mission was primarily to design, plan, build, install, and support the IT infrastructure. With this primarily technically-oriented mission, IT operated relatively independently and the IT strategy remained largely in the hands of technologists. Fast-forwarding to the present, the mission of IT Operations is significantly different because of the integral dependence of business on IT — where the business is counting on IT to align itself with and enable business strategies. The technical mission of IT Operations, which was predominant in the past, is now just a subset of IT's current charter to deliver high-quality service availability and performance, responsiveness and flexibility to business demands, and technology innovation that fuels business advantage. And of course, all of this must be accomplished with a competitive IT cost structure.

The changing mission for IT Operations is far from a subtle change. It is a “game changing” leap that requires more than tweaking existing practices — it requires transformation. Because of this changing mission and the required transformation, IT Operations organizations face a dilemma dealing with competing challenges and pressures during the transition period.

## The IT Operations Dilemma

With any major change, there is a period of transition as an organization struggles to free itself from relics of the past and adopt new methods that enable it to move from where it is to where it wants to be. Today, many IT Operations organizations are working to transform themselves (so they can fulfill the new demands of their mission) to enable business strategies while continuing to keep things running. In doing so, they find themselves caught in the “IT Operations Dilemma” as they juggle a number of competing demands.



**Figure 1: The IT Operations Dilemma**

The IT Operations dilemma, as illustrated in Figure 1, begins with the current state of IT. In CIO Magazine’s “State of the CIO 2007” survey<sup>2</sup> of more than 500 IT leaders, 51 percent of IT organizations are spending at least 61 percent of their budgets to “keep IT running.” Within this group, 19 percent spend more than 81 percent of their budgets, with 5 percent spending more than 91 percent of their budgets to “keep IT running.” One of the reasons that operational activities account for such a large proportion of the IT budget is IT’s traditional, reactive infrastructure management approach. The reactive approach exists because of such factors as IT’s continued use of out-of-date practices; organizational technology silos; a lack of standard IT processes; disconnected management tools that monitor and report, but cannot detect or predict incidents/problems; and inadequate process maturity.

In addition, IT lacks the ability to proactively detect and fix incidents before users are affected. Because IT reacts, rather than proactively identifying and resolving problems before they escalate to bigger problems, IT finds itself spending an inordinate amount of time finding, diagnosing, and resolving an overwhelming number of operational incidents, while their users wait. The operational demand from business users is nothing new. It has plagued IT Operations and engulfed IT resources — and it continues to do so now. The operational incident/problem demand rarely decreases due to IT's reactive approach.

At the same time, the business places increasing strategic business-oriented demands on IT because the business fundamentally needs IT in order to move forward with new, innovative business initiatives. Business innovation and competitive demands are driving the business, which, in turn, increases the pressure on IT to push forward harder and faster. In fact, 78 percent of IT executives surveyed in a recent Ziff-Davis study<sup>3</sup> report that responding to new business requirements is a priority for them. In addition, 74 percent report that reducing costs is also a priority, even though administration costs are rising 10 percent per year. The problem is, with so much of IT's time and budget going to "keep IT running," and with IT also tasked with reducing costs, there is little resource left to fulfill strategic demands.

On top of all the demands coming from the business, IT Operations is also challenged and pressured by organizational pressures. The rapid-fire pace of technology innovation keeps IT on its toes as it keeps abreast of new technologies, such as virtualization; deals with process maturity issues; and simplifies operations by standardizing on technology suppliers.

IT Operations is squeezed between all of these pressures from operational incident/problem demand, new business demands, technology innovation, organizational pressures, and reducing costs. IT is running as hard as it can, but it cannot effectively meet all of the demands placed on it. As IT struggles to meet the consuming daily operational demands, little time if any is left to handle the strategic business demands. Then the business begins to wonder, "What is the value of IT?" As a result, IT feels undervalued by the business.

## **Transformation of IT Operations**

How should IT Operations effectively overcome this dilemma? At first glance, it seems that the demands and pressures are out of IT Operations' control and are unchangeable. And the demands are likely to increase rather than decrease in the future. But upon closer examination, IT Operations has a tremendous opportunity, through transformation, to significantly reduce operational demand, increase efficiency, reduce operational cost, increase service levels, and shift its focus from primarily handling operational demands to addressing strategic business demands. Since IT Operations is responsible for managing, controlling and maintaining the IT infrastructure and services (which represent a significant portion of IT's ongoing capital and operating expenditures), the best opportunities for making an impact through transformation is in IT Operations. This transformation includes integrating IT processes across technology silos and the disparate mix of existing tools; focusing on managing services rather than technologies; using predictive and proactive solutions that effectively detect and resolve service problems before users are affected; enriching operational perspectives with visibility into service impacts; and quickly identifying and resolving problems with laser-focused informational context and root-

cause capabilities. By efficiently circumventing or quickly resolving problems, operational demand reduces dramatically and IT Operations is able to shift more of its resources and time to focus on turning strategic business demands into competitive advantage.

### ***Opportunities for IT Operations***

There are several opportune areas on which IT Operations organizations can focus in order to move their transformation forward more quickly. These areas are: process maturity and automation, well-managed virtualization, CMDB implementation, and vendor consolidation.

#### ***Process Maturity and Automation***

IT Operations' process maturity is achieved by adopting a process approach, such as the IT Infrastructure Library (ITIL®). The synergy of establishing IT processes results in far-reaching effects, as process flows connect previously disconnected IT silos and tools. Manually deploying ITIL processes requires significant planning, effort, and coordination. However, management vendors, such as BMC Software, facilitate ITIL deployment by embedding automated ITIL process flows and pre-built integrations in their management tools, which significantly speeds up ITIL deployment and eliminates many of the planning steps.

#### ***Well-managed Virtualization***

Many IT organizations are turning to virtualization technologies to increase server utilization in an effort to reduce IT costs. Although virtualization delivers benefits from a cost perspective, running applications in virtual environments imposes new management requirements and challenges. With more of a company's applications depending on the performance and availability of the same server, virtualized servers must be well-managed. Furthermore, IT operations teams need capacity analysis and planning solutions to accurately plan resources, response time, and throughput for all physical and virtual platforms

#### ***Configuration Management Database (CMDB)***

The CMDB is more than a technology; it is the foundation for improving service quality and lowering operational costs. Because trouble tickets and events can be linked to specific configuration items (CIs) and because CI relationships are already mapped in the CMDB, leveraging the CMDB improves root cause analysis and facilitates near-real-time business service management. The CMDB is the strategic component that unifies service delivery and service support.

#### ***Vendor Consolidation***

Simplification decreases operational costs by reducing the number of disparate, disconnected management tools that require IT operations teams to duplicate their efforts in using, maintaining, and supporting the tools, as well as eliminating the need for custom integrations. Modular, pre-integrated, ITIL-enabling approaches contribute to faster implementation of ITIL, accelerate process maturity, provide a more complete view of service quality, and reduce costs. Building a standard, automated, and process-oriented management platform allows IT to be more responsive to business needs and free up bandwidth for strategic projects that add value to the business.

## **BMC: Extending Business Service Management to the IT Infrastructure**

BMC extends the value of BSM to IT Operations by providing practical solutions for operational problems, as well as built-in integrations that intelligently and automatically deliver relevant and rich contextual management information for the problem at hand. Using BMC Infrastructure Management, Application Management, and Capacity Management solutions, IT Operations can find problems sooner, fix problems faster, and be positioned to deliver more value to the business. Customers can solve difficult cross-IT organization issues with modular, integrated workflows, such as BMC Proactive Incident and Problem Management, and BMC Unified Service Level Management. With new built-in operations-oriented integrations, the solutions automatically “connect the dots” and work together when the components are deployed, providing quick time to value and automation of important functions.

BMC delivers rich, intelligent context for IT Operations within a single operational view. Additionally, BMC delivers a service level management view that brings together infrastructure and end-user performance and availability metrics, with application performance, incident, and service desk metrics to create a unified view of service level attainment. Through its Proactive Incident and Problem Management solution, BMC integrates event management and service desk functions to help organizations more efficiently prioritize, resolve, and prevent incidents based on business priorities. Another aspect of the BMC solution for IT Operations is the use of capacity planning data and predictive performance analysis as event triggers, and delivering contextual operational information to notify and help administrators circumvent potential performance issues related to virtual and physical server capacity.

The power of intelligent contextual management data, made possible by the BMC Atrium CMDB, combined with operational process workflows, facilitates higher levels of automation and efficiency for IT Operations staffs. For example, BMC leverages the service models in its CMDB to evaluate the business impact of an issue that is detected by BMC Infrastructure Management solutions. The result is proactive notification of service level issues, and an automated, prioritized incident response. In addition, BMC continues to introduce innovative technologies to quickly pinpoint the cause of an incident, enabling faster incident resolution.

Companies with BMC IT Service Support solutions already in place will gain additional benefit through the inherent integration of their service desk with BMC Infrastructure Management, Application Management, and Capacity Management solutions. Not only will this integration enable proactive incident and problem management (as described above), it will also enable the organization to select a strategic vendor for both its service support and service delivery needs.

Integrating systems management with service support provides positive results. Being able to manage the environment proactively, instead of reactively, increases end-user satisfaction and leads to a calmer and controlled work routine for operational staffs. As an example, one BMC customer increased service availability by 34 percent (10,445 hours), avoiding \$4 million in unnecessary downtime; eliminated 60 percent (769) of its problem tickets in a year; and realized a 50 percent reduction in mean-time-to-repair. These kinds of results can be accomplished by efficiencies gained through process workflow integration, solutions focused on solving real operational issues, and intelligent contextual management data.

## Conclusion

BMC continues the BSM drumbeat with its latest initiative that extends BSM to IT Operations. The BSM message, as captured in the company's tagline, "Activate Business with the Power of IT™," resonates well with executives. However, the applicability and relevance of BSM becomes a practical challenge the farther you are from the executive suite, and it is difficult for IT Operations staffers to see what "BSM can do to make my job easier." To help deliver this message in a way that resonates more directly with the IT Operations staff, BMC takes a two-pronged approach that focuses on practical solutions for specific IT Operations' problems, and ensures that these solutions also play important supporting roles for BSM through built-in operational process integrations. As BMC solutions help IT Operations to effectively perform its duties and achieve the goals of enabling higher service quality, service responsiveness, and lower costs, then IT Operations is doing its part in enabling and supporting both BSM, and more importantly, the strategic objectives of the business.

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This white paper was sponsored by:  
BMC Software  
2101CityWest Blvd.  
Houston, TX 77042

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With a belief that business success and IT success are inseparable, Ptak, Noel & Associates LLC works with clients to identify, understand and respond to the implications of today's trends and innovations on the future of IT Operations.

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#### **About the Author**

**Audrey Rasmussen** leverages her experience of over 28 years in the information technology industry, to help her clients as they navigate through the accelerating changes in the information technology industry. Over the years, she had developed experiences in various contexts (expertise in systems and application management, working with very small companies to very large corporations, industry specializations, business focus, and technical focus), which combine into unique insights into the information technology industry. Previously, Audrey served as vice president at Enterprise Management Associates, where she focused on systems and application management. She was also a systems engineer at IBM, where she supported customers with small-to-medium sized distributed systems, as well as industry specialties. Audrey was also co-author of the Network World Fusion Network and Systems Management newsletter for several years, and she is widely quoted in publications such as Network World, InformationWeek, Computerworld and eWeek. Audrey holds a Bachelor of Science in business administration/finance from the University of Southern California

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MAY 2007