



Unlock the Hidden IT Opportunities in Troubled Economic Times

By Jim Grant, Senior Vice President, Strategy and Corporate Development, BMC Software

Today, IT faces some of its greatest challenges to date. IT executives are under intense pressure to cut costs, and that pressure is significantly increased by the current grim economic outlook. We've seen study after study recently released by analysts indicating that IT organizations are looking at reducing headcount, as well as their overall spending in 2009. To compound this challenge, other business areas are relying on IT more than ever before to help them deal with the reality of increased competition and reduced funding. This budget crunch creates a greater need for improved efficiency.

So, how can your organization weather this economic storm? Surprisingly, a variety of opportunities for IT are hidden within today's financial challenges. With the right approach, processes, and technology, it's possible for IT to provide higher-quality services for a lower cost, while also empowering the business to position itself to take advantage of the growth potential that will occur when the economy rebounds.

LOOKING AHEAD

Of course, IT will certainly bear its share of the financial pain that the rest of the organization is going through. While there has always been the need for IT to become more efficient, what has changed now is the sense of urgency in making this happen. There is an increased level of accountability for business results, as well as a greater demand from your business partners in helping them solve their problems.



Although it might seem counterintuitive in a time of budget tightening, companies must continue to make strategic investments in IT. Sure, it would be contrarian to think of investing in IT when normal reflexes would cause a CIO to consider hunkering down and focusing on survival until business conditions improve. Survival is clearly important, but by making survival your primary focus, you risk missing opportunities.

Think of this economy as a platform for change. For those who make prudent investments now, this economy offers the opportunity to position their companies for growth when the economic cycle starts to trend upward. The CIO who has taken too much of a survival approach, however, will find it more difficult to take advantage of the growth portion of the business cycle when it arrives.

CIOs and IT organizations that position themselves for the eventual upturn will look at IT as an enabler of business efficiency and growth. In fact, in this turbulent economy, it becomes more critical to invest differently in IT. The key is to invest in areas that really improve IT efficiency and discipline. This focus will enable IT not only to survive this difficult financial period, but also to quickly shift its profile toward enabling true business growth.

INVESTING FOR A PAYOFF

There are a variety of areas you can invest in that will improve the bottom line for IT. These opportunities are related to managing IT costs, increasing positive business impact, improving the quality of service, managing risk, and providing greater transparency into IT activities.

Many organizations are turning to Business Service Management (BSM) to help them meet these objectives. BSM is a comprehensive approach and unified platform for running IT. With BSM, technologies and processes are executed efficiently by prioritizing areas — such as activities, processes, and technologies — based on business needs. With BSM, you can deliver new services that create more business value, while also supporting existing services at lower cost. For example, with BSM, a large bank has reduced the time to deploy new services by more than 50 percent. The bank now manages its infrastructure from a business perspective and has improved both the quality of service and IT responsiveness. Further, it has met compliance goals for asset management, driven down third-party maintenance costs, and reduced the number of vendors used.

How can you make the most of this BSM approach, which will help you

increase business alignment and enable new business models — all while controlling costs? Start with examining your processes. It's important to identify processes that are good candidates for automation. Keep in mind, however, that automation is only as good as the processes that are automated.

You're probably already managing your IT organization like a business, but if you take that practice to the next level, you'll gain more visibility into IT and how that organization supports the business. The following three recommendations describe the benefits of a BSM approach and how to get started.

1. Assess your process framework.

Organizations that want to become more efficient will focus heavily on IT process improvement. You must have some basic process framework in place before you can think about automation. Otherwise, all you do is automate chaos, and no one benefits from that approach.

Most large IT organizations tend to work in technology silos. To be successful with automation, however, it's important to break down the informational and process walls between those silos — such as those that exist among the service desk, monitoring functions, and automation technologies. Information flow and process flows need to be integrated across silos. You can reduce natural barriers by sharing information and connecting it through workflows.

Process maturity has to be recognized as a prerequisite to any efficiency improvement effort. That's why it's critical to follow service management best practices, such as those based

on guidance from the IT Infrastructure Library® (ITIL®). Other frameworks, such as Control Objectives for Information and related Technology (COBIT) and Six Sigma, are also helpful. By establishing an environment of continual process improvement within IT, you can develop fairly significant improvements that have a dramatic impact on overall quality and efficiency.

2. Look for opportunities to automate (they will be abundant).

Many effective IT organizations make it a priority to automate increasingly larger parts of their IT operations. With increased pressure to show results for any investment in IT, you must target your automation efforts wisely. Where should you begin?

Target the areas of IT that are manual, repetitive, error prone, and expensive. Many parts of the IT operation today are still accomplished largely by manual labor. Look to automate areas with repetitive, manual tasks. Identify tasks that are haphazard, error prone, and time consuming to perform. By automating these functions, the organization will clearly benefit in terms of reduced cost and increased service quality.

Target the areas that are the most business critical. Focus on improving functions that have the greatest business benefits. Look for ways to prevent business disruptions, reduce risk, improve compliance, and grow revenue. The path to true IT maturity is taking a balanced approach to increasing the alignment between business and IT. This involves making sure that the business understands that the IT organization is critical to business success. It is also important to have governance mechanisms in place that help IT maintain alignment with business goals.

The benefits of automation are significant. For example, by following a BSM approach, a major drug retailer improved IT service levels while decreasing the cost of handling incidents and changes by 20 percent, resulting in millions of dollars in cost savings. Through automation, the company decreased the time it takes to bring a new store online by one week, resulting in 55 weeks of additional revenue from new stores in 2008. Automation also makes compliance easier and less expensive, because changes are centrally captured and managed.

3. Take managing the business of IT to the next level.

Another area that's getting renewed interest is managing the business of IT. Most IT organizations manage fairly large budgets. Despite this requirement, our research shows that the vast majority of CIOs and senior IT managers lack sufficient visibility into how money gets spent within the IT organization.

As organizations decide how to allocate their IT budgets, CIOs will need greater insight into where the money they are spending is going today. For example, you will always need to spend a certain amount of money to keep your network working. But without sufficient visibility into how money is spent, how do you know the impact of what can happen when you change spending priorities and budgets? How do you determine whether your organization is efficient? Without this visibility, it is also difficult to identify how you are using valuable resources to drive change for the business. These are important issues that you need to understand and address.

You're probably familiar with IT resource planning (ITRP), IT planning and control, or specific functions, such as project and portfolio management. Service resource

planning is similar but can go beyond what these other approaches advocate.

Service resource planning tools can give you much deeper insight into how IT dollars are being spent across the board with projects, vendors, and operations. These solutions consolidate and connect fragmented data to provide the information and insight to help you make better, more informed decisions. They can help you prioritize IT spending and communicate the cost of projects to your business owners. This knowledge provides the insight that can help you reduce investments in those areas that are not a priority and increase your investment in more business-critical projects.

WHAT'S NEXT

No one can deny the challenges that IT and businesses in general will face, but those circumstances aren't going to last forever. Visionary IT leaders will recognize that not only must they survive the current economic environment, but they also can better position IT and the business to grow and take advantage of the next phase of the business cycle. By refining IT processes, looking for the right opportunities to automate, and adopting solutions to help you manage the business of IT, you can do much more than simply weather the current economic climate. You can also position IT and the business to take advantage of clearer skies to come and use the economy as a platform for change.

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ABOUT THE AUTHOR

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